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[Document Filed]	Annual Securities Report (“Yukashoken Hokokusho”)
[Applicable Law]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director-General, Kanto Local Finance Bureau
[Filing Date]	June 28, 2023
[Fiscal Year]	The 13th Fiscal Year (from April 1, 2022 to March 31, 2023)
[Company Name]	Kabushiki Kaisha MIRAIT ONE (Formerly known as Kabushiki Kaisha MIRAIT Holdings)
[Company Name in English]	MIRAIT ONE Corporation (Formerly known as MIRAIT Holdings Corporation) Note: The Company has changed its name and its name in English as above effective July 1, 2022, following the resolution at the 12th Ordinary General Meeting of Shareholders held on June 14, 2022.
[Title and Name of Representative]	Toshiki Nakayama, President and CEO
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[Phone No.]	+81-3-6807-3111
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[Contact Person]	Takaaki Mitsuya, Director and CFO
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

Part 1 Information on the Company

I. Overview of the Company

1. Key Financial Data

(1) Consolidated financial data

Fiscal year		9th	10th	11th	12th	13th
Year ended		March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Net sales	(million yen)	375,911	441,166	463,744	470,385	483,987
Ordinary profit	(million yen)	21,992	23,207	31,739	34,152	22,384
Profit attributable to owners of parent	(million yen)	25,711	15,220	24,205	25,163	14,781
Comprehensive income	(million yen)	23,118	17,156	25,138	25,469	16,517
Net assets	(million yen)	199,559	218,710	231,323	249,237	254,305
Total assets	(million yen)	331,462	352,134	358,751	435,785	436,752
Net assets per share	(yen)	1,933.82	2,006.42	2,232.25	2,446.54	2,573.50
Net income per share	(yen)	295.34	149.93	229.59	250.84	151.20
Diluted net income per share	(yen)	259.19	–	–	–	–
Equity ratio	(%)	59.3	61.2	63.1	55.6	56.5
Return on equity	(%)	15.4	7.4	11.0	10.7	6.0
Price-earnings ratio	(times)	6.39	9.50	7.66	7.67	10.70
Net cash provided by (used in) operating activities	(million yen)	6,491	7,936	41,602	12,972	5,315
Net cash provided by (used in) investing activities	(million yen)	(13,523)	(9,176)	1,869	(46,204)	(12,314)
Net cash provided by (used in) financing activities	(million yen)	(1,928)	(2,814)	(32,200)	38,395	(12,571)
Cash and cash equivalents at end of period	(million yen)	35,657	31,632	42,851	48,901	30,399
Number of employees [separately, average number of temporary employees]	(persons)	12,361 [2,586]	12,580 [2,624]	12,882 [2,439]	14,006 [2,291]	14,350 [2,384]

Notes: 1. The amounts of diluted net income per share for the 10th, 11th, 12th, and 13th fiscal years are not stated because there are no dilutive shares outstanding.

2. The Company has introduced the "Board Benefit Trust" performance-linked stock-based remuneration system since the 7th fiscal year for directors and executive officers of the Company and its subsidiaries (excluding outside Directors and non-executive Directors; hereinafter collectively referred to as the "Group's Officers"). The Company's shares held by the Board Benefit Trust are recorded as treasury shares in the consolidated financial statements. In calculating net assets per share, the number of shares held by the Board Benefit Trust is deducted from the total number of shares issued at the end of the fiscal year. Additionally, the number of shares held by the Board Benefit Trust is deducted from the average number of shares of common stock outstanding during the period used in calculating net income per share and diluted net income per share.

3. The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 dated March 31, 2020) and other relevant standards from the beginning of the 12th fiscal year. Key financial data, etc. for the 12th and subsequent fiscal years is presented after the application of such accounting standards.

4. The Company has finalized the provisional accounting treatment for business combinations in the 13th fiscal year. The figures, etc. for the 12th fiscal year reflect the finalized data of the provisional accounting treatment.

(2) Financial data, etc. of reporting company (non-consolidated)

Fiscal year		9th	10th	11th	12th	13th
Year ended		March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Net sales	(million yen)	6,118	8,545	13,928	16,652	182,449
Ordinary profit	(million yen)	4,515	6,871	12,307	14,425	12,975
Profit	(million yen)	4,461	8,091	12,278	14,402	67,978
Share capital	(million yen)	7,000	7,000	7,000	7,000	7,000
Total number of issued shares	(shares)	108,325,329	108,325,329	108,325,329	108,325,329	103,325,329
Net assets	(million yen)	111,522	113,727	111,920	116,565	175,891
Total assets	(million yen)	163,362	166,240	166,364	237,063	332,278
Net assets per share	(yen)	1,048.49	1,059.24	1,103.56	1,177.85	1,833.97
Dividend paid per share [Of which, interim dividends per share]	(yen)	40 [20]	40 [20]	45 [22]	55 [25]	60 [30]
Net income per share	(yen)	50.43	78.84	116.46	143.57	695.34
Diluted net income per share	(yen)	44.25	–	–	–	–
Equity ratio	(%)	68.3	68.4	67.3	49.2	52.9
Return on equity	(%)	5.1	7.2	10.9	12.6	46.5
Price-earnings ratio	(times)	38.55	17.87	15.09	13.39	2.33
Payout ratio	(%)	79.3	50.7	38.6	38.3	8.6
Number of employees [separately, average number of temporary employees]	(persons)	102 [–]	100 [–]	106 [–]	110 [–]	3,635 [1,255]
Total shareholder return [Benchmark: TOPIX Total Return Index]	(%)	97.8 [95.0]	84.2 [85.9]	115.2 [122.1]	125.7 [124.6]	111.5 [131.8]
Highest share price	(yen)	1,988	1,779	1,913	2,403	2,009
Lowest share price	(yen)	1,475	1,129	1,173	1,719	1,399

Notes: 1. The amounts of diluted net income per share for the 10th, 11th, 12th, and 13th fiscal years are not stated because there are no dilutive shares outstanding.

2. The Company has introduced the “Board Benefit Trust” performance-linked stock-based remuneration system since the 7th fiscal year for the Group’s Officers. The Company’s shares held by the Board Benefit Trust are recorded as treasury shares in the financial statements. In calculating net assets per share, the number of shares held by the Board Benefit Trust is deducted from the total number of shares issued at the end of the fiscal year. Additionally, the number of shares held by the Board Benefit Trust is deducted from the average number of shares of common stock outstanding during the period used in calculating net income per share and diluted net income per share.

3. The highest and lowest share prices are quoted prices on the First Section of the Tokyo Stock Exchange before April 3, 2022, and on the Prime Market of the Tokyo Stock Exchange after April 4, 2022.

4. The Company conducted an absorption-type merger effective July 1, 2022, with the Company as the surviving company and its wholly owned subsidiaries MIRAIT Corporation and MIRAIT Technologies Corporation as the defunct companies, and transitioned from a pure holding company to an operating holding company. Consequently, the financial data, etc. for the 13th fiscal year is substantially different from those for the 12th fiscal year and earlier.

2. History

MIRAIT ONE Corporation (hereinafter the “Company”) was established in October 2010 as a joint holding company through a share transfer among Daimei Telecom Engineering Corporation (hereinafter “Daimei”), Commuture Corporation (hereinafter “Commuture”), and TODENTSU Corporation (hereinafter “TODENTSU”), which were engaged in telecommunications facility work and other businesses.

In July 2022, the Company transitioned from a joint holding company to an operating holding company through a merger with its consolidated subsidiaries, MIRAIT Corporation and MIRAIT Technologies Corporation.

The history of the corporate group is as follows.

Month and year	Event
November 2009	Daimei, Commuture, and TODENTSU (hereinafter collectively the “Three Companies”) executed a memorandum of understanding on business integration through the establishment of a joint holding company (share transfer).
May 2010	The Three Companies agreed to jointly establish a holding company through a share transfer, subject to approval at their respective ordinary general meetings of shareholders and other conditions. A share transfer plan was prepared and a business integration agreement was executed.
June 2010	At the Three Companies’ respective ordinary general meetings of shareholders, it was approved and resolved that the Three Companies would jointly establish the Company by means of a share transfer and that the Three Companies would become wholly owned subsidiaries of the Company.
October 2010	The Three Companies established the Company by means of a share transfer. The Company’s common shares were listed on the First Section of Tokyo Stock Exchange, Inc. and Osaka Securities Exchange, Inc.
January 2012	TODENTSU acquired shares of Nissetsu Co., Ltd. and made it a consolidated subsidiary.
October 2012	Daimei merged with TODENTSU and changed its trade name to MIRAIT Corporation. Commuture changed its trade name to MIRAIT Technologies Corporation.
October 2013	Daimei Next Co., Ltd., Todentsu Technos Corp., and Renat Tokyo Corp. were merged, which subsequently changed its trade name to M’s Frontier Co., Ltd. Renat Kansai Co., Ltd., Daimei Engineering Corp., and Todentsu Engineering West Japan Corp. were merged, which subsequently changed its trade name to AST_ENG CORP.
July 2014	MIRAIT Technologies Corporation acquired shares of CCTS Telecommunications Construction Pty. Limited (currently MIRAIT Technologies Australia Pty. Limited) in Australia and made it a consolidated subsidiary.
October 2015	IP TECHNO SERVICE CORP. changed its trade name to MIRAIT-X Corporation due to the contribution of capital by ORIX Corporation.
June 2016	Mirait Singapore Pte. Ltd. acquired shares of Lantrovision(S)Ltd, a Singapore-based company, and made it a consolidated subsidiary.
December 2016	The Company issued yen-denominated convertible bond-type bonds with share acquisition rights subject to call due 2021 (totaling 16.5 billion yen).
June 2017	Lantrovision(S)Ltd merged by absorption with Mirait Singapore Pte. Ltd.
October 2018	The Company conducted business integration with TTK Co., Ltd. through a share exchange and acquired TTK Co., Ltd. and its eight consolidated subsidiaries as consolidated subsidiaries.
January 2019	The Company conducted business integration with SOLCOM Co., Ltd. through a share exchange and acquired SOLCOM Co., Ltd. and its seven consolidated subsidiaries as consolidated subsidiaries. The Company conducted business integration with Shikokutsuken Co., Ltd. through a share exchange and acquired Shikokutsuken Co., Ltd. and its consolidated subsidiary as consolidated subsidiaries.
December 2019	The Company redeemed in advance all the yen-denominated convertible bond-type bonds with share acquisition rights subject to call due 2021 issued in December 2016.
March 2020	Lantrovision(S)Ltd acquired shares of YL Integrated Pte Ltd and made it a consolidated subsidiary.

Month and year	Event
June 2020	Lantrovision(S)Ltd acquired shares of Shanghai Changling Communication Equipment Co., Ltd. and made it a consolidated subsidiary.
March 2022	The Company acquired shares of SEIBU CONSTRUCTION Co., LTD. and made it a consolidated subsidiary.
April 2022	The Company moved from the First Section to the Prime Market due to the revision of the market division of the Tokyo Stock Exchange.
July 2022	The Company established MIRAIT ONE SYSTEMS Corporation. The Company merged with MIRAIT Corporation and MIRAIT Technologies Corporation, and changed its trade name to MIRAIT ONE Corporation.

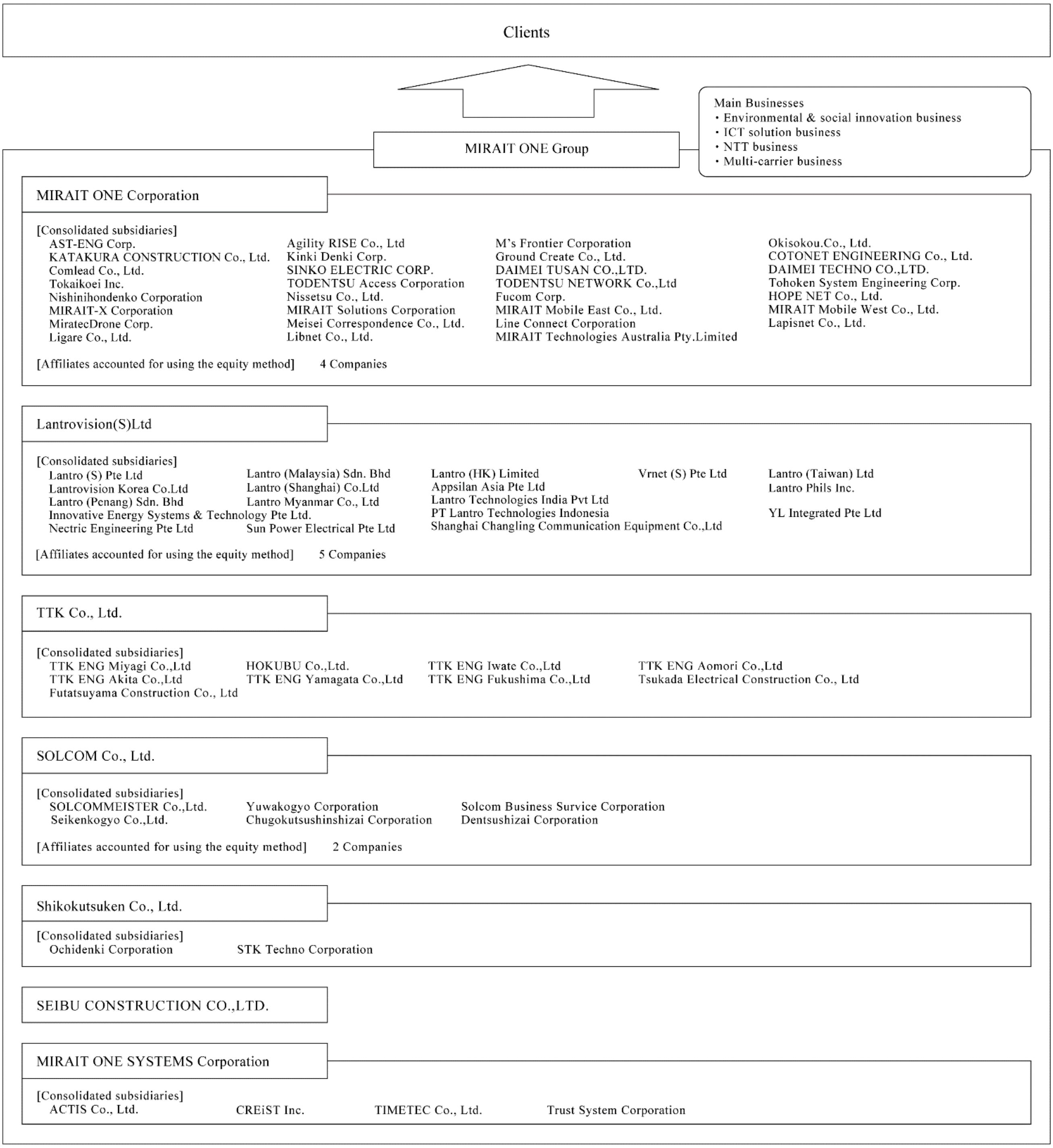
3. Description of Business

The "MIRAIT ONE Group" (hereinafter the "Group") comprises the Company as the operating holding company, and 76 consolidated subsidiaries including MIRAIT ONE Corporation, Lantrovision(S)Ltd, TTK Co., Ltd., SOLCOM Co., Ltd, Shikokutsuken Co., Ltd., SEIBU CONSTRUCTION Co., LTD., and MIRAIT ONE SYSTEMS Corporation, and is mainly engaged in environmental and social innovation business, ICT solutions business, NTT business, and multi-carrier business.

The classification of its reportable segments has been revised effective from the fiscal year ended March 31, 2023. For more details, please refer to "V. Financial Information 1. Consolidated Financial Statements, etc. (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, *Segment information*."

The Group's operational structure is as follows.

(As of March 31, 2023)



Changes in subsidiaries and affiliated companies are as follows:

1) Futatsuyama Construction Co., Ltd. was added to the scope of consolidation as its shares were acquired by TTK Co., Ltd.
2) MIRAIT Technologies Myanmar Co., Ltd. was removed from the scope of consolidation following its dissolution.
3) MIRAIT Corporation and MIRAIT Technologies Corporation were removed from the scope of consolidation as they were dissolved due to the absorption-type merger with the Company as the surviving company.
4) Infilan Pte Ltd. was removed from the scope of consolidation following its dissolution.
5) LBS Digital Infrastructure Corp. was added to the scope of application of the equity method as the Company purchased shares of it.
6) Nishinihon Shizai DX Co., Ltd. was removed from the scope of application of the equity method as it was dissolved following an absorption-type merger.

4. Subsidiaries and Other Affiliated Entities

(As of March 31, 2023)

Company name	Address	Share capital (million yen)	Main line of business	Ratio of voting rights holding [held] (%)	Description of relationship	
					Concurrent appointments of Officers (persons)	Financial assistance
(Consolidated subsidiaries)						
AST-ENG Corp.	Matsubara City, Osaka Pref.	70	Information and telecommunications engineering business	100.0	–	–
Agility RISE Co., Ltd.	Hiki District, Saitama Pref.	10	Information and telecommunications engineering business	100.0	–	–
M's Frontier Corporation	Koto-ku, Tokyo	80	Information and telecommunications engineering business	100.0	–	–
Okisokou Co., Ltd. (Note) 3	Naha City, Okinawa Pref.	30	Information and telecommunications engineering business	45.1	–	–
KATAKURA CONSTRUCTION Co., Ltd.	Setagaya-ku, Tokyo	50	Information and telecommunications engineering business	98.9	–	Yes
Kinki Denki Corp. (Note) 3	Izumi City, Osaka Pref.	44	Information and telecommunications engineering business	45.7	–	–
Ground Create Co., Ltd.	Nishi-ku, Osaka City	30	Information and telecommunications engineering business	100.0	–	–
COTONET ENGINEERING Co., Ltd.	Minami-ku, Kyoto City	50	Information and telecommunications engineering business	100.0	–	–
Comlead Co., Ltd.	Naniwa-ku, Osaka City	60	Information and telecommunications engineering business	100.0	–	–
SINKO ELECTRIC CORP.	Toyonaka City, Osaka Pref.	42	Information and telecommunications engineering business	88.9	–	–
DAIMEI TUSAN CORP.	Koto-ku, Tokyo	100	Sale of materials and other items related to telecommunications facilities, and sale and lease of construction equipment	100.0	–	Yes
DAIMEI TECHNO CO., LTD.	Shinagawa-ku, Tokyo	26	Information and telecommunications engineering business, security and traffic control services, and sale and lease of construction equipment	100.0	–	–

Company name	Address	Share capital (million yen)	Main line of business	Ratio of voting rights holding [held] (%)	Description of relationship	
					Concurrent appointments of Officers (persons)	Financial assistance
Tokai-koei Inc.	Koto-ku, Tokyo	99	Water supply and drainage business	100.0	–	Yes
TODENTSU Access Corporation	Nagareyama City, Chiba Pref.	100	Information and telecommunications engineering business	100.0	–	–
TODENTSU NETWORK Co.,Ltd	Koto-ku, Tokyo	55	Information and telecommunications engineering business	100.0	–	–
Tohoken System Engineering Corp.	Sano City, Tochigi Pref.	100	Information and telecommunications engineering business	100.0	–	–
Nishinihondenko Corporation	Minami-ku, Kumamoto City	20	Information and telecommunications engineering business	99.1	–	–
Nissetsu Co., Ltd.	Minato-ku, Tokyo	100	Air conditioning /sanitary/electrical facility work business	100.0	–	–
Fucom Corp.	Nishi-ku, Osaka City	50	Information services business, etc.	100.0	–	–
HOPE NET Co., Ltd.	Chiyoda-ku, Tokyo	55	Staffing services	100.0	–	–
MIRAIT-X Corporation	Koto-ku, Tokyo	20	Installation and sale of solar power and storage battery systems	66.5	–	Yes
MIRAIT Solutions Corporation	Shinjuku-ku, Tokyo	50	Information and telecommunications engineering business	100.0	–	–
MIRAIT Mobile East Co., Ltd.	Koto-ku, Tokyo	35	Information and telecommunications engineering business	100.0	–	Yes
MIRAIT Mobile West Co., Ltd.	Naniwa-ku, Osaka City	60	Information and telecommunications engineering business	100.0	–	–
MiratecDrone Corp.	Shinagawa-ku, Tokyo	100	Drone services business	100.0	–	Yes
Meisei Correspondence Co., Ltd. (Note) 3	Chofu City, Tokyo	33	Information and telecommunications engineering business	40.0	–	–
Line Connect Corporation (Note) 2	Kashiwa City, Chiba Pref.	10	Information and telecommunications engineering business	100.0 [100.0]	–	–
Lapisnet Co., Ltd.	Higashinada- ku, Kobe City	50	Information and telecommunications engineering business	100.0	–	–
Ligare Co., Ltd.	Nishi-ku, Saitama City	41	Information and telecommunications engineering business	100.0	–	–
Libnet Co., Ltd.	Ise City, Mie Pref.	100	Contracted library operations, consulting, and system development	100.0	–	–
MIRAIT Technologies Australia Pty. Limited	New South Wales, Australia	0.1 mil. AUD	Information and telecommunications engineering business	58.6	–	–

Company name	Address	Share capital (million yen)	Main line of business	Ratio of voting rights holding [held] (%)	Description of relationship	
					Concurrent appointments of Officers (persons)	Financial assistance
Lantrovision (S) Ltd (Note) 1	Singapore	59 mil. SGD	Design, construction, maintenance, consulting of LAN wiring, etc. and sale of equipment	100.0	–	–
Lantro (Malaysia) Sdn Bhd (Note) 2	Kuala Lumpur, Malaysia	1 mil. MYR	Information and telecommunications engineering business	51.0 [51.0]	–	–
Lantro (Penang) Sdn Bhd (Note) 2	Penang, Malaysia	0.25 mil. MYR	Information and telecommunications engineering business	51.0 [51.0]	–	–
Lantro (HK) Limited (Note) 2	Kowloon, Hong Kong	5 mil. HKD	Information and telecommunications engineering business	100.0 [100.0]	–	–
Lantrovision Korea Co. Ltd (Note) 2	Seoul Special City, Republic of Korea	196 mil. KRW	Information and telecommunications engineering business	85.0 [85.0]	–	–
Lantro (Shanghai) Co. Ltd (Note) 2	Shanghai, China	10 mil. RMB	Information and telecommunications engineering business	70.0 [70.0]	–	–
Lantro (Taiwan) Ltd (Note) 2	Taipei, Republic of China	10 mil. TWD	Information and telecommunications engineering business	85.0 [85.0]	–	–
Lantro Technologies India Private Limited (Note) 2	Bangalore, India	30 mil. INR	Information and telecommunications engineering business	100.0 [100.0]	–	–
Vrnet (S) Pte Ltd (Note) 2	Singapore	0.2 mil. SGD	Information and telecommunications engineering business	100.0 [100.0]	–	–
Appsilan Asia Pte Ltd (Note) 2	Singapore	0.15 mil. SGD	Management services for data centers	100.0 [100.0]	–	–
Lantro (S) Pte Ltd (Note) 2	Singapore	0.5 mil. SGD	Information and telecommunications engineering business	100.0 [100.0]	–	–
Lantro Phils. Inc. (Note) 2	Pasig, the Philippines	17 mil. PHP	Information services business, etc.	100.0 [100.0]	–	–
Innovative Energy Systems & Technology Pte. Ltd. (Note) 2	Singapore	0.1 mil. SGD	Information services business, etc.	60.0 [60.0]	–	–
Lantro Myanmar Co. Ltd (Note) 2	Yangon, Myanmar	48 mil. MMK	Information and telecommunications engineering business	60.0 [60.0]	–	–
PT. Lantro Technologies Indonesia (Note) 2	Jakarta, Indonesia	14,478 mil.INR	Information and telecommunications engineering business	60.0 [60.0]	–	–
YL Integrated Pte Ltd (Note) 2	Singapore	1 mil. SGD	Design, construction, and management of general electrical work and electrical facility work	85.0 [85.0]	–	–
Nectric Engineering Pte Ltd (Note) 2	Singapore	0.1 mil. SGD	Design, construction, and management of general electrical work and electrical facility work	56.7 [56.7]	–	–
Sun Power Electrical Pte Ltd (Note) 2	Singapore	0.25 mil. SGD	Design, construction, and management of general electrical work and electrical facility work	55.5 [55.5]	–	–

Company name	Address	Share capital (million yen)	Main line of business	Ratio of voting rights holding [held] (%)	Description of relationship	
					Concurrent appointments of Officers (persons)	Financial assistance
Shanghai Changling Communication Equipment Co.,Ltd (Note) 2	Shanghai, China	60 mil. RMB	Construction of telecommunications towers and sharing services	50.1 [50.1]	–	–
TTK Co., Ltd. (Note) 1	Wakabayashi-ku, Sendai City	2,847	Information and telecommunications engineering business	100.0	1	–
TTK ENG Miyagi Co., Ltd. (Note) 2	Wakabayashi-ku, Sendai City	30	Information and telecommunications engineering business	100.0 [100.0]	–	–
HOKUBU Co., Ltd. (Note) 2	Wakabayashi-ku, Sendai City	20	Information and telecommunications engineering business	100.0 [100.0]	–	–
TTK ENG Iwate Co., Ltd. (Note) 2	Yahaba Town, Iwate Pref.	30	Information and telecommunications engineering business	100.0 [100.0]	–	–
TTK ENG Aomori Co., Ltd. (Note) 2	Aomori City, Aomori Pref.	30	Information and telecommunications engineering business	100.0 [100.0]	–	–
TTK ENG Akita Co., Ltd. (Note) 2	Akita City, Akita Pref.	30	Information and telecommunications engineering business	100.0 [100.0]	–	–
TTK ENG Yamagata Co., Ltd. (Note) 2	Yamagata City, Yamagata Pref.	30	Information and telecommunications engineering business	100.0 [100.0]	–	–
TTK ENG Fukushima Co., Ltd. (Note) 2	Fukushima City, Fukushima Pref.	30	Information and telecommunications engineering business	100.0 [100.0]	–	–
Tsukada Electrical Construction Co., Ltd. (Note) 2	Aoba-ku, Sendai City	50	Information and telecommunications engineering business	100.0 [100.0]	–	Yes
Futatsuyama Construction Co.,Ltd (Note) 2	Ishinomaki City, Miyagi Pref.	20	Civil engineering business	100.0 [100.0]	–	–
SOLCOM Co., Ltd. (Note) 1	Naka-ku, Hiroshima City	2,324	Information and telecommunications engineering business	100.0	1	–
SOLCOMMEISTER Co.,Ltd. (Note) 2	Aki District, Hiroshima Pref.	100	Information and telecommunications engineering business	100.0 [100.0]	–	–
Yuwakogyo Corporation (Note) 2	Nishi-ku, Hiroshima City	70	Information and telecommunications engineering business	100.0 [100.0]	–	Yes
Seikenkogyo Co.,Ltd. (Note) 2	Ube City, Yamaguchi Pref.	50	Information and telecommunications engineering business	100.0 [100.0]	–	–
Solcom Business Service Corporation (Note) 2	Minami-ku, Hiroshima City	30	Sale, maintenance, and lease of information processing equipment	100.0 [100.0]	–	–
Chugokutsushinshizai Corporation (Note) 2	Higashihiroshima City, Hiroshima Pref.	70	Procurement and sale of materials for information and telecommunications construction	86.0 [86.0]	–	–
Dentsushizai Corporation (Note) 2	Aki District, Hiroshima Pref.	50	Vehicle delivery of telecommunications cargo	63.1 [63.1]	–	–
Shikokutsuken Co., Ltd.	Imabari City, Ehime Pref.	450	Information and telecommunications engineering business	100.0	1	Yes
Ochidenki Corporation (Note) 2	Imabari City, Ehime Pref.	50	Information and telecommunications engineering business	100.0 [100.0]	–	–

Company name	Address	Share capital (million yen)	Main line of business	Ratio of voting rights holding [held] (%)	Description of relationship	
					Concurrent appointments of Officers (persons)	Financial assistance
STK Techno Corporation (Note) 2	Imabari City, Ehime Pref.	30	Information and telecommunications engineering business	100.0 [100.0]	–	–
SEIBU CONSTRUCTION CO.,LTD.. (Note) 1, 4	Tokorozawa City, Saitama Pref.	11,000	General construction business for civil engineering, building construction, and other construction work	95.0	–	–
MIRAIT ONE SYSTEMS Corporation	Minato-ku, Tokyo	100	Information services business, etc.	100.0	–	Yes
ACTIS Co., Ltd. (Note) 2	Chiyoda-ku, Tokyo	100	Information services business, etc.	54.9 [54.9]	–	–
CREiST Inc. (Note) 2	Shinagawa-ku, Tokyo	35	Information services business, etc.	71.4 [71.4]	–	Yes
TIMETEC Co., Ltd. (Note) 2	Suita City, Osaka Pref.	50	Contracted software development and system development/ operations	100.0 [100.0]	–	–
Trust System Corporation (Note) 2	Chiyoda-ku, Tokyo	100	General operations related to information system development	100.0 [100.0]	–	–

Company name	Address	Share capital (million yen)	Main line of business	Ratio of voting rights holding [held] (%)	Description of relationship	
					Concurrent appointments of Officers (persons)	Financial assistance
(Affiliates accounted for using the equity method)						
Sumiden Communication Engineering Co., Ltd.	Totsuka-ku, Yokohama City	150	Information and telecommunications engineering business	49.0	–	–
Nihon Sangyo Co., Ltd.	Iruma District, Saitama Pref.	72	Management of golf courses	50.0	–	–
MIRAIT PHILIPPINES INC.	Quezon, the Philippines	126 mil. PHP	Information and telecommunications engineering business	100.0	–	–
Altro Solutions Pte Ltd (Note) 2	Singapore	0.2 mil. SGD	Information and telecommunications engineering business	50.0 [50.0]	–	–
Lantrovision Inc. (Note) 2	Pasig, the Philippines	5 mil. PHP	Information and telecommunications engineering business	40.0 [40.0]	–	–
Lantro (Thailand) Co.Ltd (Note) 2	Bangkok, Thailand	38 mil. THB	Information and telecommunications engineering business	49.0 [49.0]	–	–
Lantro (Vietnam) Co.Ltd (Note) 2	Ho Chi Minh, Vietnam	2,393 mil. VND	Information and telecommunications engineering business	41.7 [41.7]	–	–
Lantro (Cambodia) Co.Ltd (Note) 2	Phnom Penh, Cambodia	0.05 mil. USD	Information and telecommunications engineering business	49.0 [49.0]	–	–
NEO SEC Inc. (Note) 2	Shimonoseki City, Yamaguchi Pref.	10	Information and telecommunications engineering business	20.0 [20.0]	–	–
Hi-Elecom Co., Ltd. (Note) 2	Nishi-ku, Hiroshima City	90	Information services business, etc.	27.8 [27.8]	–	–
LBS Digital Infrastructure Corp.	Taguig, the Philippines	12 mil. PHP	Construction and leasing of telecommunications towers for mobile phones	25.0	–	–

Notes: 1. Falls under a specified subsidiary.

2. The figures in the square brackets in "Ratio of voting rights holding [held]" indicate the indirect ownership ratio included in the total.

3. Although the ratio of voting rights the Company holds is 50% or less, it is classified as a subsidiary because it substantially controls the entities.

4. The following companies each account for more than 10% of consolidated net sales (excluding intra-group sales). Results of operations for these companies are as follows:

Company name	Net sales (million yen)	Ordinary profit (million yen)	Profit (million yen)	Net assets (million yen)	Total assets (million yen)
SEIBU CONSTRUCTION Co., LTD.	51,302	1,690	1,531	39,035	57,099

5. Employees

(1) Information about consolidated companies

As of March 31, 2023

Segment name	Number of employees (persons)
MIRAIT ONE	7,629 [1,255]
Lantrovision	1,334 [192]
TTK	1,144 [537]
SOLCOM	1,603 [149]
Shikokutsuken	705 [204]
SEIBU CONSTRUCTION	670 [18]
MIRAIT ONE SYSTEMS	1,265 [29]
Total	14,350 [2,384]

Notes: 1. The number of employees represents the number of regular employees (including individuals seconded from outside the Group to the Group, and excluding individuals seconded from the Group to outside the Group).

2. The number of temporary employees (including contract employees and part-time employees) is shown in [ ] as the average number of employees during the current fiscal year.

3. The Company conducted an absorption-type merger effective July 1, 2022, with the Company as the surviving company and its wholly owned subsidiaries MIRAIT Corporation and MIRAIT Technologies Corporation as the defunct companies, and transitioned from a pure holding company to an operating holding company. Consequently, the numbers of employees and temporary employees are substantially different from those for the 12th fiscal year and earlier.

(2) Information about reporting company (non-consolidated)

As of March 31, 2023

Number of employees (persons)	Average age	Average length of service (years)	Average annual salary (yen)
3,635	43.5	16.4	6,972,919

Notes: 1. Average annual salary includes bonuses and extra wages.

2. The number of employees increased by 3,525 compared to March 31, 2022, mainly due to the merger with MIRAIT Corporation and MIRAIT Technologies Corporation.

(3) Labor union

The labor unions of the Group include the Council of MIRAIT ONE & Allied Labor Union (3,554 members), the Tohoku Information Infrastructure Union-TTK Group Companies Branch (1,118 members), the Council of SOLCOM & Allied Labor Union (696 members), and the Shikokutsuken Labor Union (86 members), which are all members of the Federation of Info-communication and Network Facilities Construction Workers of Japan (INCJ).

Labor-management relations are favorable, and there are no special matters to be noted.

(4) Ratio of women in managerial positions, rate of parental leave taken by male employees, and gender wage gap

(i) Reporting company

Fiscal year ended March 31, 2023					
Name	Ratio of women in managerial positions (%) (Notes 1, 2)	Rate of parental leave taken by male employees (%) (Notes 1, 2)	Gender wage gap (%) (Notes 1, 2, 3, 4)		
			All employees	Regular employees	Part-time and fixed-term employees
MIRAIT ONE Corporation	3.6	26.4	72.4	72.6	72.6

Notes: 1. Figures are calculated in accordance with the provisions of “Act on Promotion of Women's Participation and Advancement in the Workplace” (Act No. 64 of 2015).

2. The ratio of women in managerial positions is the percentage as of March 31, 2023, and the rate of parental leave taken by male employees and the gender wage gap are the percentages for the fiscal year ended March 31, 2023. The data includes individuals seconded from the Company to other companies, and excludes those seconded from other companies to the Company.
3. Wages are calculated inclusive of base salary, overtime compensation, bonuses, etc., and exclusive of retirement allowance, commuting allowance, etc.
Part-time and fixed-term employees include fixed-term contract employees, temporary employees, and part-timers. Wages for part-timers are calculated based on actual wages paid, not converted to full-time equivalents.
4. The main factors contributing to the gender wage gap are as follows.
For regular employees, the gap is due to an increased ratio of younger age groups among all female employees owing to the recent efforts to recruit more female new graduates to promote female advancement, as well as a low ratio of women in managerial positions.
Note that the wage gap between male and female employees in their 20s at the Company is 94.6%. (Average age: Male: 44; Female: 37) For part-time or fixed-term employees, the gap is due to the higher number of men among the highly-paid skilled individuals, etc.

To achieve the goal of raising the ratio of women in managerial positions, the Company is implementing initiatives, such as setting specific numerical targets to promote women's advancement.

(ii) Major consolidated subsidiaries

Fiscal year ended March 31, 2023					
Name	Ratio of women in managerial positions (%) (Notes 1, 2)	Rate of parental leave taken by male employees (%) (Notes 1, 2)	Gender wage gap (%) (Notes 1, 2, 3, 4)		
			All employees	Regular employees	Part-time and fixed-term employees
TTK Co., Ltd.	5.0	7.7	54.6	55.2	75.7
SOLCOM Co., Ltd.	1.8	0.0	64.1	67.0	68.1
Shikokutsuken Co., Ltd.	0.0	11.8	46.0	61.1	65.9
SEIBU CONSTRUCTION Co., LTD.	0.8	33.3	70.2	69.6	43.1
MIRAIT ONE SYSTEMS Corporation	7.1	50.0	79.1	83.9	52.5

Notes: 1. Figures are calculated in accordance with the provisions of "Act on Promotion of Women's Participation and Advancement in the Workplace" (Act No. 64 of 2015).
2. The ratio of women in managerial positions is the percentage as of March 31, 2023, and the rate of parental leave taken by male employees and the gender wage gap are the percentages for the fiscal year ended March 31, 2023. The data includes individuals seconded from the Company to other companies, and excludes those seconded from other companies to the Company.
3. Wages are calculated inclusive of base salary, overtime compensation, bonuses, etc., and exclusive of retirement allowance, commuting allowance, etc.
Part-time and fixed-term employees include fixed-term contract employees, temporary employees, and part-timers. Wages for part-timers are calculated based on actual wages paid, not converted to full-time equivalents.
4. As for the gender wage gap, characteristic factors in the major consolidated subsidiaries are as follows.
TTK: The figure for regular employees reflects a high ratio, which is approximately 50%, of contract employees converted to indefinite-term contracts among all female employees.
Shikokutsuken: A large gap in all employees is due to the high ratio of part-time and fixed-term employees among all female employees. The gap in regular employees is attributable to a high ratio of general office workers among all female employees.
Note that the wage gap between male and female employees in their 20s is 97.7%.
MIRAIT ONE SYSTEMS: The main factor contributing to the gap is about 20% of part-timers with short working hours among female part-time and fixed-term employees.

Each company has set specific numerical targets for the promotion of women's advancement and is implementing initiatives to achieve these targets.

II. Overview of Business

1. Management Policy, Business Environment, and Issues to Be Addressed

Matters regarding the future described in this section contained herein are based on the Group's judgment as at the end of the fiscal year ended March 31, 2023.

The impact of the novel coronavirus disease (COVID-19), the Ukraine situation and other factors is considered to be insignificant as no events have occurred that may have a material impact on the operating results of the Group.

(1) Basic management policy

The Group has redefined its purpose and mission through the business integration of July 2022. While thoroughly nurturing our existing businesses and services, we will further accelerate business expansion by identifying the up and coming growth areas, the "MIRAI (future) Domains," and making efforts to expand its presence in urban and regional development, corporate DX and GX, and the green power business while growing the global businesses. By working to help customers and society solve problems and revitalize local communities, we are striving to increase corporate value and achieve sustainable growth.

Purpose

Co-creating an exciting future through challenges and technology.

Mission

• Meeting customer expectations and contributing to realize a prosperous society.
• Constantly refining our technology and business model to add more value.
• Building and maintaining future social infrastructure with our partners.
• Creating an attractive corporate culture with a diverse and dynamic workforce.
• Continuing to be a trusted company through improved sustainability and strict compliance.

(2) Business environment and mid- to long-term management strategies

In the business environment for the Group, capital investment associated with telecommunications carriers' infrastructure is trending downward over the medium to long term, and going forward, the shift toward solutions-based investments is expected to continue. On the other hand, digital infrastructure is being developed across the nation toward realizing the Vision for a Digital Garden City Nation, and digital transformation (DX) in local regions is progressing. Furthermore, there are growing needs for promoting regional decarbonization to contribute to regional development and for green transformation (GX) toward achieving carbon neutrality by 2050. In addition, there is a need to improve the resilience of local communities against natural disasters, which have been becoming increasingly severe in recent years.

Against this backdrop, aiming to evolve into a corporate group that can, more than ever, contribute to addressing social issues in a broad range of social infrastructure areas under its redefined purpose and mission, the Group formulated a business vision toward 2030, "MIRAIT ONE Group Vision 2030". In addition, the Group established the Medium-term Management Plan for the five-year period started in the fiscal year ended March 31, 2023 or FY2022, and aims to achieve the targets in the plan.

["MIRAIT ONE Group Vision 2030" and New Medium-term Management Plan]

Outline of management strategy in the "MIRAIT ONE Group Vision 2030"

The "MIRAIT ONE Group Vision 2030" is centered on five changes as a new growth strategy based on the key word that we will change and the future will change.

◇ Change 1: People-centric management

• MIRAI College: "Driving force of business structure reform" providing learning and connection
• "Health management" creating a friendly working environment and protecting the physical and mental health of employees
• MIRAIT ONE work style reforms living with COVID-19

◇ Change 2: Acceleration of business growth

• Strategically addressing business growth through human capital growth and organically combining and mobilizing the Group's resources in the growth areas of "MIRAI (future) Domains" (promotion of business structure reform to a full-value model)

◆ Urban development and regional development business (regional redevelopment business), and acceleration of corporate DX and promotion of green transformation (GX)

◆ Expansion of the green energy business contributing to decarbonization

◆ Strengthening of SI (system integration) business contributing to customers' DX (strategic consolidation)

◆ Strengthening of global business promoting overseas data center related business and infrastructure sharing

• Strengthening of customer base of existing business (responding to expansion of customers and growth of customers)

◇ Change 3: Top-class profitability

• Strengthening of management foundation through concentration and improvement of efficiency by integrating the three companies

• Improvement of efficiency through the fundamental revision of operations and utilization of data insight

• Review of existing operations and costs through promotion of group coordination

◇ Change 4: Management based on data insights

• Establishment of knowledge-based data environment and optimization of sales approach (aggressive DX)

• Value chain reform, smart construction, utilization of BPO/RPA/robotics (defensive DX)

• Development of experts and core personnel, improvement of companywide literacy (development of DX personnel)

◇ Change 5: Strong foundation for ESG management

• Initiatives aimed at the achievement of greenhouse gas reduction targets (science-based targets)

• Creation of social value through the MIRAIT ONE Partner Association

• Enhancement of audit system and strengthening of audit functions through third line of defense

• Strengthening of corporate governance through new Group management system

(3) Objective indicators for measuring the attainment status of management goals

The Group has adopted, as objective indicators used to determine the attainment status of management goals called Key Performance Indicators (KPIs) of the Fifth Medium-term Management Plan, Sales, Ratio of MIRAI Domains (*), OPM (Operating Profit Margin), ROE (Return on Equity) and EPS (Earnings per Share), and specified, as goals in fiscal 2026, a Sales of at least 720 billion yen, a Ratio of MIRAI Domains of at least 40%, an OPM of at least 7.5%, an ROE of at least 10%, and an EPS-CAGR of at least 10%.

(*) Ratio of sales of MIRAI Domains (areas aiming at business growth) in Total Sales.

The reason these KPIs have been adopted is because of the recognition that they are important indicators for all stakeholders including shareholders to understand the Group's management policies and management strategies, in addition to enabling the evaluation of their progress and feasibility.

Operating profit and ROE have also been adopted as indicators for the calculation of points granted in the "Board Benefit Trust" performance-linked stock compensation scheme it has implemented to raise awareness of the contributions to performance of Group companies and enhancement of corporate value.

(Note) These figures for these KPIs are based on reasonable judgments according to circumstances, etc. that can be forecast as of the date of the submission of this report, and do not constitute a guarantee of their achievement.

(4) Priority business and financial issues to be addressed

As described in "(2) Business environment and medium- to long-term management strategies," the Group needs to promote business operations responsive to changes in the business environment. With our purpose and mission, which were newly redefined last fiscal year, we aim to evolve into a corporate group that continues to contribute to the resolution of social issues in a wider range of social infrastructure areas than ever before. In the new business vision for 2030, MIRAIT ONE Group Vision 2030, the Group is committed to work on five business transformations (5 Changes), and as the major initiative of the previous fiscal year, "MIRAI College," which opened in July 2022, has made progress in fostering multi-certified employees through the promotion of reskilling. We have also worked to strengthen the green energy business and pushed forward on the joint promotion of full-value type advanced cases through synergies achieved with SEIBU CONSTRUCTION.

We will continue our endeavors to be a reliable corporate group that "builds and protects" the social infrastructure of the future.

With regard to the "realizing of management that is conscious of cost of capital and stock price" as encouraged by the Tokyo Stock Exchange, we have been considering an appropriate response based on measures taken to date, aiming to achieve sustainable growth and enhancing corporate value over the medium-to-long term. We plan to announce our efforts through the Company's website based on discussions at the Board of Directors meeting.

2. Sustainability Approach and Initiatives

The Group's approach to sustainability and its initiatives are as follows.

Matters regarding the future described in this section contained herein are based on the Group's judgment as at the end of the fiscal year ended March 31, 2023.

(1) Governance and risk management of sustainability in general

At the Group, the ESG Management Promotion Committee, chaired by the President and CEO, formulates basic policies and strategies on ESG management in general, identifies material issues, and responds to various environmental initiatives.

Also, starting in July 2022, the "Risk Management Executive Committee," "Compliance Executive Committee" and "Human Rights/D&I (Diversity and Inclusion) Committee," chaired by the compliance officer, are administered under the ESG Management Promotion Committee.

The Risk Management Executive Committee deliberates and decides on policies and systems for effective and efficient risk management, while the Compliance Executive Committee reports and corrects cases of compliance incidents in the Group and examines measures to raise compliance awareness. The Human Rights/ D&I Committee reports on human rights risk situations, and discusses and examines issues to be addressed, D&I promotion and other items.

(2) Material sustainability items

The material sustainability items in the Group, which are identified through governance and risk management as described above, are as follows.

1) Initiatives on climate change

■ Governance

After the establishment of the ESG Management Promotion Committee in September 2021, the Committee adopted one of the materiality themes, “Building and Maintaining an Environmentally-Friendly Society” following deliberations by the Executive Committee and Board of Directors. To step up its contribution to realize a decarbonized society, the Group set the “greenhouse gas emissions reduction target (FY2030)" as one of the KPIs in its Medium-term Management Plan and established a system to monitor its progress.

The Committee was held five times in FY2022 (four times after the launch of MIRAIT ONE). By submitting a letter of commitment to SBTi (Science-based Targets initiative), the 2030 greenhouse gas emission reduction targets created by the Company have been recognized as SBT (Science Based Targets).

After the establishment MIRAIT ONE in July 2022, we created the ESG Management Promotion Committee, developed an operating schedule, and discussed the specific reduction status and measures of GHG emissions. We also conducted an evaluation and analysis of the results of the response from various ESG rating agencies.

■ Risk management

We have established a basic policy and promotion system for risk management as a corporate group in the form of “Risk Management Rules,” as we take appropriate steps to deal with various risks based on our risk management plan.

The ESG Management Promotion Committee also takes the initiative on climate-related risks and opportunities, monitoring changes in the external and internal environment associated with climate change and identifying climate risks and opportunities that affect our business.

The identified risks and opportunities are evaluated and analyzed to determine their impact on the Group with a focus on risks and opportunities that have a high degree of impact. Following deliberations by the Board of Directors and the Executive Committee, these are incorporated as company-wide risks and opportunities.

■ Strategy

The Group has analyzed the potential climate-related risks and opportunities in the future by referring to the scenarios based on the average temperature rise of less than 2°C (e.g. 1.5°C) and 4°C. Consequently, it was assessed that the transition to a decarbonized society (policy/legislation/market/reputation) would be subjected to the impacts that manifest as a result of anticipated future events and physical (acute/chronic) impacts from climate change.

We reviewed our medium-term management strategy with respect to these risks and reaffirmed the "realization of a decarbonized society through business activities" as a material issue. In terms of our business engagement, we have also identified the growing demand for smart infrastructure/energy solutions as a prospective opportunity.

Future where the target of less than 2°C (such as 1.5°C) is achieved: A scenario for the rapid materialization of a decarbonizing society

Envisioned scenario	Identified risks			Opportunity examination			Initiatives
		Type	Description		Type	Description	Details
Tighter carbon emission regulations	Medium- and long-term	Policy/ regulation	• Increase in material and fuel procurement costs due to carbon taxation • Increased business burden due to insufficient compliance with regulations such as carbon pricing • Risk of cost increase due to the purchase of credits for emissions in case of failure to achieve reduction targets.	Medium- and long-term	Product/ service/ energy	• Increase in demand for renewable energy and energy-saving projects (solar power generation, EV charging, LED lighting, etc.)	• Promotion of power-saving through DX and work-style reform • Improvement in fuel efficiency through the use of fuel additives for vehicles, and promotion of EV adoption • Promotion of renewable energy utilization in purchased electricity
	Short-, medium- and long-term	Policy/ regulation	• Increase in electricity costs due to a shift to renewable energy sources	Short-, medium- and long-term	Product/ service/ energy	• Increase in demand for shift to energy-saving equipment • Promotion of the efficient electricity use with the use of IoT	
Increasing awareness toward decarbonization	Short-term	Market/ reputation	• When environmental measures turn out to be inadequate • Decrease in orders for new construction projects • Termination of existing maintenance contracts • Loss of customers due to higher reputation risks	Short-, medium- and long-term	Market	• Increase in demand for renovation work • Increase in demand for ZEB and smart city-related projects	• Identifying and promoting the procurement of low-carbon products • Proper disclosure of information to stakeholders

Future where average temperatures rise by 4°C: A scenario characterized by the manifestation of physical impact

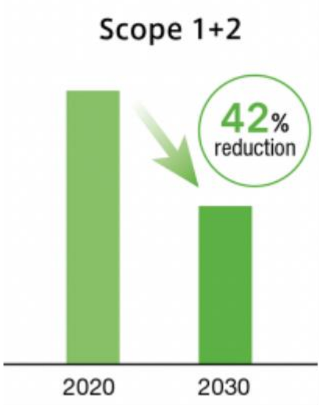
Envisioned scenario	Identified risks			Opportunity examination			Initiatives
		Type	Description		Type	Description	Details
Increase in the frequency and severity of natural disasters	Short-, medium- and long-term	Acute	• Damage to telecommunication equipment and base stations caused by heavy rains and typhoons, and increase in restoration costs	Short-, medium- and long-term	Market/ resilience	• Increase in demand for pole-free electricity to deal with abnormal weather conditions	• Increase in demand for facility enhancements such as battery storage systems and emergency power supply. • Development of multi-skilled human resources • Enhancement of collaboration with MIRAIT ONE Partners
	Short-, medium- and long-term	Acute	• Discontinuation of products and services due to disruption of the value chain	Medium- and long-term	Market	• Growing demand for disaster prevention and mitigation work for telecommunication equipment and base stations due to the increase in the frequency and severity of natural disasters	• Water supply solution business
Rise in average temperatures	Long-term	Chronic	• Increase in air conditioning costs incurred by data centers, etc.	Long-term	Market	• Replacement of air conditioning equipment with high-efficiency equipment • Improvement of the operation of HVAC equipment	• Strengthening of air conditioning business.
	Medium- and long-term	Chronic	• Increase in heat stroke and other health hazards among construction workers of telecommunications facilities	Medium- and long-term	Resilience	• Further promotion of DX and remote working style	• Streamlining construction through DX and strengthening worker health management.

We also revised the remuneration system for board members to raise the awareness of management on ESG initiatives. In FY 2022, a non-financial target of “greenhouse gas emissions” was introduced as a new indicator in addition to the conventional indicators for performance-linked compensation: “consolidated operating profit” and “consolidated ROE.”

■ Target

In FY2021, we have set the greenhouse gas emission reduction targets toward FY2030. The targets were certified by the SBTi (Science Based Targets initiative) in February 2023 as a science-based target. These are also included as non-financial targets in our Medium-term Management Plan, in order to steadily capture growth opportunities for our business in relation to decarbonization.

Target		SBT
Scope 1+2	Reduce the Group's greenhouse gas emissions by 42% from the FY2020 level by FY2030.	Certified in February 2023



■ Actual results

The results of greenhouse gas emissions in FY 2020 and FY 2021 are as follows.

The results of greenhouse gas emissions in FY 2022 are in the process of calculation, and will be disclosed on the Company's website "Information disclosure based on TCFD proposal" (https://www.mirait-one.com/english/esg/environment/) around September 2023.

Category		Emissions ($t\text{-}CO_2$)	
		FY2020 (Standard)	FY2021
Scope 1	Direct emissions	66,890	67,907
Scope 2	Indirect emissions	22,841	21,277

* Figures for FY2020 (Standard)and FY2021 include those for SEIBU CONSTRUCTION Co., LTD.

2) Initiatives related to human capital

Human capital development policy

Of “5 Changes,” the five business transformation in the new business strategy, with a focus on Change 1 “People-centric management,” the Group has expanded investment in human capital, the source of value creation.

In particular, with a view to Change 2 "Acceleration of business growth," we will roll out "strategic human resource development" through reskilling and other means on the platform of MIRAI College to "accelerate business shift to growth areas" and "promote DX reform of existing businesses" as business growth strategies, and facilitate mobility of human resources to growth areas. In addition, through a dialogue-based process that matches macro CDP (business strategy) with micro CDP (each employee), we intend to help employees grow so that they can take on the challenges of new business fields with a sense of confidence and excitement.

To support human capital development, we promote MIRAIT ONE-style smart work lifestyle reforms so as to allow employees to spend more time in reskilling. At the same time, we intend to press ahead with D&I measures to promote working styles allowing participation by diverse employees.

Policy on developing internal environment

As part of efforts to improve the internal environment based on Change 1 “People-centric management,” we promote the MIRAIT ONE style smart work lifestyle reforms, expand and enhance the “MIRAI College” that we established as a means of reskilling in July 2022: (expansion of areas: accelerated expansion to partner companies, expansion of courses in line with the business strategy, enhancement of strategic learning, development to support the creation of growth areas （MIRAI Domains), enhancement of real campuses’ facilities, etc.). In addition, we prepare new HR systems such as a job-based system, an in-house side-job system, strategic secondment to other companies and a global trainee system. We plan to prepare an internal environment that implements “spontaneous learning” as well as “strategic learning” as our policy.

Initiatives for human resource development

■Emphasis on human resource training to transform the future

The MIRAIT ONE Group, with a focus on Change 1 “People-centric management” in its Medium-term Management Plan, has expanded investment in human capital, the source of value creation.

In particular, business structure reform is essential to strengthen and expand the MIRAI Domains (urban and regional development, corporate DX and GX business, green power business, software business and global business) and the full-value model, which are positioned as future growth areas in Change 2 “Acceleration of business growth.” We will build on the “strategic strengthening of internal human resources” and “active recruitment of external human resources” to create a human resource group capable of carrying out such reforms.

For the strategic strengthening of internal human resources, we opened “MIRAI College”, an in-house university, in July 2022, for individual employee to “gain multiple skills,” involving “mobile,” “cloud,” “renewable energy,” “plan suggestion” and “project management”, and to strengthen diverse skills including “data insight utilization skills” and “DX skills.” Also, The MIRAI College, consisting of real campuses (Chiba, Saitama, and Hyogo) and digital campuses, offers some 180 courses in the three fields of “Technical Faculty (technical skills),” "Management Faculty (management skills)," and “Social Faculty (social skills)” as of March 31, 2023. The total enrollment is 14,000 including those from the Group and partner companies. The College offers learning management and support through its Learning Management System (LMS) to ensure that each individual acquires the skills. The program also expands community functions through information exchange using business chat functions and video postings to promote interaction beyond the company boundary, thereby providing an environment for spontaneous and strategic learning.

For the active recruitment of external human resources, we introduce new HR systems such as a job-based system and acquire human resources through M&A and other means to expand mid-career hiring to strengthen growth areas such as the MIRAI Domains and the full-value model.

To increase the effectiveness of these investments in human capital, we have established a non-financial target in our Medium-term Management Plan to raise the percentage of personnel with multiple qualifications to 50% or higher by FY 2026.

■Personnel training system

The personnel training system of the Group, including those described above, comprises the “sectorial model system,” designed to enhance specialized professional capabilities for business operations, and “stratified training system,” aimed at promoting mastery of universal know-how required at each professional level. Together, the system supports the growth of each employee and systematically reinforces human capital that backs up future business growth.

From introductory training for workers who have just joined the company to training for senior managers, our program is designed to enable each employee to acquire the skills and knowledge required to fulfill the roles expected at the respective level, as well as skills and knowledge they need to learn in each career stage. In particular, we offer extensive education and training programs for new employees, which are designed to enable them to succeed in their careers regardless of whether they have a scientific or liberal arts background. Our interview program, a process designed to match macro CDP (business strategy) with micro CDP (each employee) through dialogues, encourages employees to take on the challenge of obtaining various certifications. In addition, our reward system based on the degree of difficulty is designed to meet the growth aspirations of individual employees and promote the shift of human capital to growth areas.

■Mentoring program

We have a mentoring program in place for new employees. Under this program, a senior employee is appointed as the mentor for each new employee, aside from his or her supervisor at the assigned section, to provide guidance and counseling. The program is designed to encourage new employees (mentees) to grow spontaneously and autonomously through awareness and advice based on dialogue. The feedback on regular reporting and monthly interviews in this program support the growth of new employees as well as that of senior employees who serve as mentors.

■“MIRAIT Mirai Juku” to nurture management minds of the next generation

In July 2020, we established the “MIRAIT Mirai Juku” to systematically train the next generation of management executives. In this MIRAIT Mirai Juku”, the participant will broaden his perspectives on corporate management through workshop and discussion-based training programs, and enhance his ability to respond appropriately as management through examination of specific solutions to the company’s management issues. In addition, the discussion and examination within and among training teams also help to cultivate a mentality of assuming responsibility for the future management of MIRAIT ONE. Starting from FY2023, employees of major Group companies also participate in the program.

■Training programs at overseas operations

The Group conducts various training programs for employees hired at its overseas locations. For instance, the Lantrovision Group assigns a full-time staff in charge of human resource development and training. The group provides a wide range of programs from basic training on on-site cable design, construction, testing, etc. to practical training involving bidding, quoting, and contracts to raise employees’ skills and motivation. In addition, the group encourages its employees to obtain cable vendor certifications to strengthen quality control, enhance customer satisfaction and bolster business competitiveness.

■Target and actual figures (for human capital development)

The current ratio of employees with multiple qualifications, as defined two years ago, was primarily based on the carrier business. From the perspective of further accelerating the business structure transformation into growth areas, which is the Company's business strategy, the current definition is being re-examined to reflect the viewpoint of the entire MIRAIT ONE Group. Accordingly, the actual result survey of FY2022 represents figures of non-consolidated basis.

Indicators	Target	Actual (as of March 31, 2023)
Ratio of personnel with multiple qualifications	50% or above by FY2026	25.6% (1,126 persons are qualified in two or more fields)*

* We plan to review the current definition to expand the (1) fields and (2) qualification names in FY2023, while revisiting the business strategy for the growth areas from the viewpoint of the entire MIRAIT ONE Group, including major Group companies. As of March 31, 2022, the ratio of multi-skilled employees (the percentage of employees having qualifications in two fields)

was 26.6% (1,068 employees). As of March 31, 2023, the ratio slightly decreased to 25.6% (1,126 employees) due to retirements and other factors.

<Promotion of health-oriented management and work style reforms>

■Promotion of health-oriented management by top management

The Group emphasizes the promotion of health-oriented management as one of the material issues, as shown by the positioning of health-oriented management as a fundamental element in Change 1 “People-centric management” in its Medium-term Management Plan. In July 2022, the Group established the “MIRAIT ONE Group: Health-Oriented Management Declaration” to further enhance the effectiveness of these efforts. We will pursue health-oriented management under the leadership of President and CEO based on the structure shown in the diagram below.

■Support of health management

The Group performs regular health check-ups for all employees, as well as comprehensive medical examinations for those who have reached a certain age and specified health guidance to support employees’ health management. Our health support programs also include recreation facilities in several locations in Japan that employees can use to refresh themselves as well as walking and other events organized constantly by the Health Insurance Association.

■Mental health

The “stress check system,” mandated by the Ministry of Health, Labour and Welfare, aims at primary prevention of mental health issues by helping employees become aware of their own stress and improving their work environment. Even before the introduction of the mandatory mental health check system, the Group has introduced a mental health follow-up system (consultation service, etc.). Based on group analysis following the stress check, mental health training is conducted for each department to improve the worksite environment, thereby preventing mental health issues before they occur.

■Supporting the return of employees on sick leave due to mental health issues

We provide full support to employees on sick leave or injury leave due to mental health issues, including support by our mental health promotion staff, from the start of the leave to follow-up after the employee returns to work. The employee on leave can take advantage of a “rework program” that utilizes rework facilities. When the employee expresses his/her intention to return to work, a reinstatement decision will be made by the Return to Work Review Committee based on the diagnosis made by the attending physician in cooperation with the industrial physician and the company. Shorter hours, limited overtime, and other employment considerations are accorded to employees returning to work.

■Development of a comfortable working environment

The Group has in place a compensation system that outperforms labor-related laws and regulations, beyond compliance with the Labor Standards Law and other labor-related laws and regulations, to enhance employees’ job satisfaction even further. In addition, in respect of the idea of equal pay for equal work, we ensure that non-regular employees are treated fairly and equitably with regular employees. For instance, non-regular employees are compensated at the same extra rate as regular employees for special work and overtime allowances, etc., and granted special leave and offered opportunities for promotion to regular employees.

■Promotion of MIRAI ONE style smart work lifestyle reforms

The Group has established the MIRAIT ONE Smart Work/Life Declaration to ensure sustainable growth while responding to changes in the labor market and business environment in recent years. Based on the declaration, we have been promoting work/life style reforms consistently and comprehensively, encompassing (1) promotion of work styles not restricted by time and place to accommodate diverse lifestyles, (2) development of systems for reskilling, (3) acquisition of external talent and securing of diverse human capital, and (4) promotion of health-oriented management.

■Recognized as a 2023 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category)
In March 2023, the Company was recognized as a 2023 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category).
The Certified Health & Productivity Management Outstanding Organization recognition program is a part of the measures taken by the Ministry of Economy, Trade and Industry to develop an environment in which certified corporations are able to gain enhanced recognition. The program allows corporations that strategically carry out efforts with regard to their employees' health from a management perspective to receive social recognition, and awards those that practice particularly outstanding health management.

Respect for human rights and promotion of diversity and inclusion

■Respect for human rights
The MIRAIT ONE Group has launched group-wide efforts to earn the utmost satisfaction and trust of its customers based on its primary mission of creating a better environment where people and society can coexist in harmony. The Group believes that its sustainable growth and corporate value enhancement in the future can only be achieved through understanding the human rights of all stakeholders involved in the corporate activities and by fulfilling its group-wide responsibility to respect human rights.

■MIRAIT ONE Group established Basic Policy on Human Rights
Based on the concept described above, the Group has emphasized "Respect for Human Rights and Promotion of Diversity and Inclusion" as one of its materiality. In July 2022, the Group established the "MIRAIT ONE Group: Basic Policy on Human Rights" to send out a strong message of its commitment on the respect for human rights and clearly identify its awareness within the Group and to promote actions on the respect for human rights in all its corporate activities in collaboration with various stakeholders. Based on this policy, all employees of the Group will act with an awareness of respect for human rights as the foundation of all its business activities, as we aim to build a company that is widely trusted by all members of society and contributes to the realization of a sustainable society.

■Promotion system
To ensure that all officers and employees understand and respect human rights issues involving all corporate activities, the "Human Rights and D&I Committee" has been established under the ESG Management Promotion Committee, chaired by the President and CEO. The committee reports on risk situations related to human rights and diversity, discusses issues and measures to be addressed, and works to strengthen human rights management and promote diversity and inclusion measures.

■Examples of actions taken
The Group takes the protection of workers' rights seriously by never using child labor or forced labor, and paying wages above the minimum wage level mandated by law. Even in extremely adverse business situations, the Group has made every effort to maintain the employment of its employees and has never dismissed any employee by nomination or liquidation.
In addition, we have conducted stratified training and compliance promotion activities to raise awareness of human rights. Three types of hotlines, the "Compliance Meyasubako," "Nandemo Sodanshitsu (consultation window for anything)," and "External Reporting Line," are on standby for problem-solving while giving due consideration to whistleblower protection.

■Labor-management relations
The Group strives to build stable labor-management relations by establishing opportunities for regular labor-management consultations in order to develop the company and maintain and improve the working conditions of its employees based on mutual trust between labor and management. In order to conduct proactive business operations and ensure the sound development of the company, we regularly hold liaison meetings as well as meetings of the Working Hours Optimization Committee for labor and management to exchange opinions on business plans and other important issues.

■To continue to be an “attractive company group” with diverse employees working actively

The Group respects individual personality and seeks to build workplaces where its employees perform to their full potentials, regardless of age, gender, educational background, nationality, disability, sexual orientation, gender identity, etc.

We have established the Diversity & Inclusion Office, a specialized organization to promote diversity and inclusion, in the General Affairs and Human Resources Division to leverage diverse perspectives and values in corporate management. Our focus is on building a workplace environment to maximize the characteristics and potential of each individual employee and developing management-level personnel

Diversity & Inclusion, one of the Group’s materiality, is positioned as a key initiative. Our mission, which defines our approach to individual stakeholders, declares our commitment to “continue to be an attractive corporate group where diverse employees work with passion and vitality.”

In addition, as part of Change 1 “People-centric management” in our Medium-term Management Plan, we are dedicated to developing a pool of diverse human resources including non-Japanese engineers.

To further advance these series of diversity and inclusion initiatives, we have formulated “Diversity & Inclusion Declaration” in December 2022. We will move forward with diversity and inclusion with an eye toward realization of a corporate culture that respects individuality and is the strength of the organization.

■Empowering female employees

We devise action plans for the purpose of enabling female employees to reach their full potential and pursue their careers in a wide range of arenas. In addition, we have set specific numerical targets for the ratio of women in new graduate hires and in managerial positions, and been working to achieve the targets. It is difficult to present these figures on a consolidated group basis because not all companies in the consolidated group have set numerical targets.

For this reason, the target and actual figures below are for the Company on a non-consolidated basis.

■Targets and actual figures (empowering female employees)

Indicators	Target	Actual
Number of women in managerial positions	Increase by 20% by March 2026 (from the July 2022 level)	56 (±0%) (As of March 31, 2023)
Ratio of women in new graduate hires	25% by March 2026	22.1% (New hires of April 2023)
Rate of annual leave paid taken	70% by March 2026	72.1% (as of March 31, 2023)

* The number of women in managerial positions is unchanged as of the reporting date, as the Company has not yet reached the annual promotion date after the establishment of MIRAIT ONE Corporation on July 1, 2022.

* The actual figures for the ratio of women in managerial positions are disclosed in “I. Overview of the Company, 5 Employees, (4) Ratio of women in managerial positions, rate of parental leave taken by male employees and gender wage gap.”

■Support system for balancing career with childcare and nursing care

We actively promote work-life balance by developing a working environment that enables employees to balance childcare and nursing care responsibilities with professional career. Specifically, we have instituted programs that employees can use during important life events such as childbirth, childcare, and nursing care beyond the standards stipulated by law, so that employees can continue working with a sense of security for a long time. They include the parental leave, which is available until the child reaches three years of age, and shorter working hour arrangement that can be used until the child completes the third year of elementary school.

As of the end of FY 2022, the childcare leave acquisition rate among female employees is 100% with the leave acquisition rate for childcare and other reasons among male employees at 78%. We have promoted efforts to maintain the childcare leave acquisition rate and raise it even further. Also, we implement support measure to ensure employees on childcare leave can return to work smoothly and play an active role in the company. The measures include providing information on developments in the company during their absence and conducting interviews prior to their return.

■Support for elderly employees

In response to the declining birthrate and aging population in Japan, we have created an environment where willing senior workers can continue to play active roles. This was done by establishing a reemployment system after retirement to support the active participation of senior human resources who hold qualifications in advanced technologies required for the telecommunications construction industry.

We also hold life plan seminars for employees who have reached a certain age and support them with work designing and financial planning after employment extension.

Status of reemployment after retirement (as of the end of FY 2022)

Number of employees subject to mandatory retirement	136
Number of rehired employees	121
Reemployment rate	89%

* Average of six companies: MIRAIT ONE Corporation, TTK Co., Ltd., SOLCOM Co., Ltd., Shikokutsuken Co., Ltd., SEIBU CONSTRUCTION Co., LTD., and MIRAIT ONE SYSTEMS Corporation

3. Business Risks

Of the matters related to Overview of Business and Financial Information stated in this Annual Securities Report, items listed below may have a material impact on decisions by investors.

The likelihood and timing that such risks may materialize and the degree of impact they may have on operating results of the Group are not stated as it is difficult to reasonably foresee them.

Forward-looking statements contained herein are based on the Group’s judgment as at the end of the fiscal year ended March 31, 2023.

1) Risks associated with excessive dependence on particular clients

The main clients of the Group are telecommunications carriers such as the NTT Group. Owing to the fact that they account for a large portion of net sales, their capital expenditures or technological breakthroughs and other factors could affect the Group’s business results.

Thus, the Group is expediting the transition of its business structure from the telecommunications carrier business to the solutions business and shifting to “MIRAI Domains,” which is positioned as new growth areas, as well as creating new business opportunities beyond its traditional business domains and technologies.

2) Risks associated with safety and quality issues

In the event of serious accidents, quality issues or other contingencies, there may be severe consequences which may result in the loss of clients’ confidence and restrictions on the Group’s operating activities, affecting its business results.

The Group is therefore wholly committed to ensuring safety and quality controls needed to deliver quality engineering and services that deserve customers’ trust and appreciation, by leveraging the integrated safety and quality management system.

3) Risks associated with the management of critical information

The Group may access critical information,

such as technical data and personal information provided by clients and business partners. In the event of unforeseen information leakage or malicious use of such information, the Group may suffer liability for damages and others with potential impact on its financial results. Such event may also result in the loss of client’s and business partner's confidence, affecting the Group’s business results.

The Group is therefore wholly committed to the prevention of leakage of classified information through the use of ISMS (information security management system).

4) Risks associated with uncertainties regarding clients’ credit quality

If uncertainties arise regarding the credit quality of a client or a business partner, the Group may not be able to receive payments for construction work or may be forced to delay projects, which could affect the Group’s business results.

The Group therefore adopts measures to avoid credit risks, such as the use of external credit agencies for client credit risk management, and contract document reviews by the legal section.

5) Risks associated with material procurement and price hikes

In the event of difficulty in the material supply or delays in delivery due to natural disasters, war, terrorism, or epidemics of novel infectious diseases, or in the event of rising construction costs due to soaring prices of raw materials, equipment and materials, and energy, construction projects may be suspended or delayed. Furthermore, the Group's business performance may be affected if clients hold back on investments or postpone investment decisions.

The Group therefore meticulously manages the process to minimize the extension of the construction period by, for example, prioritizing the processes that are not experiencing shortages of supplies. In addition, measures are taken to mitigate the risk of rising construction costs by incorporating into contract clauses the terms and conditions for raw material price increases, and by passing the higher costs on to construction prices.

6) Risks associated with assets held by the Group

The Group holds assets such as securities that are necessary for its business operations. Significant fluctuation in market prices thereof could affect the Group’s business results.

The Group therefore adopts measures to avoid risks associated with fluctuations in value of such assets, such as by assessing its securities holdings both quantitatively and qualitatively and gradually reducing those that have less significance for the Group’s business.

7) Risks associated with natural disasters, etc.

The occurrence of contingencies such as severe natural disasters and the spread of epidemic diseases could cause direct damage on the Group’s employees, subcontractors and facilities, or cause outage of lifeline utility and fuel shortage. In such an event, construction may be halted and the contracted construction period may be delayed, which may affect the Group’s business results.

The Group has adopted countermeasures against events such as natural disasters including earthquakes and the spread of epidemic diseases, including the formulation of a business continuity plan (BCP), establishment of a system to confirm the safety of employees, conducting of evacuation drills, and adopting of new workstyles.

8) Risks associated with overseas businesses

The Group operates businesses in countries outside of Japan, primarily in Asia and Oceania. Significant changes in the political and economic climate, currency exchange rate and the legal and regulatory framework, or the spread of epidemic diseases, or rapid rises in material prices and labor costs in these countries may affect the Group’s business results.

The Group is striving to prevent and mitigate such risks by gathering information within the Group and by appropriately diversifying the countries in which the Group operates.

9) Risks associated with climate changes

As problems caused by global climate change are becoming more apparent, companies are required to give consideration to the environment mainly by reducing greenhouse gas emissions and industrial waste. Such consideration is often required of not only individual companies but also all companies in the supply chain. If the Group companies and partner companies fail to take appropriate measures, our business with suppliers may be restricted and the Group’s business performance may be affected.

To respond to this, the Group clarified its commitment to “building and maintaining an environmentally friendly society” as its material issues. The Group also endorsed the Task Force on Climate-related Financial Disclosures (TCFD) to analyze risks and opportunities in the Group’s business in line with its framework. Furthermore, we are working to identify greenhouse gas (GHG) emitted through our business activities and are committed to initiatives and other measures to reduce it and to further reduce industrial waste.

10) Risks associated with M&A

The Group strives to expand its business domains and transform business models through M&A with which synergy effects are expected, with the aim of increasing corporate value of the Group. However, if outcomes such as the profit growth and synergy effects expected from an M&A target company are not realized, the Group’s business performance may be affected.

To avoid this, before conducting an M&A, the Group carefully examines whether the M&A is in line with the Group’s growth strategy. We also consider the outlook for future market trends, business plans, and synergies with the Group. In the post-merger acquisition integration process, the Group identifies the items to be implemented and the timeframe for their achievement, strengthens monitoring, and works to maximize synergy effects.

11) Risks associated with legal compliance

The Group is authorized and licensed under laws and regulations including the Construction Business Act, Telecommunications Business Act, and Radio Act, and conducts its business activities in accordance with relevant laws and regulations in business operations. In the event of a violation of any of these laws, the Group's business performance and credibility may be affected.

The Group therefore closely monitors legal revisions and other developments in the relevant internal departments and promptly shares such information within the Group, reviewing internal regulations as necessary. In addition, efforts are continuously made to ensure compliance with laws and regulations by conducting awareness-raising activities for employees of the Group and partner companies, and by establishing an effective internal audit and consultation system.

4. Management’s Analysis of Financial Position, Operating Results and Cash Flows

The overview of the Group’s financial position, operating results, and cash flows (hereinafter “operating results, etc.”) for the fiscal year ended March 31, 2023, and views and issues analyzed/discussed with regard to the status of operating results, etc. from the management’s perspective, are as follows.

Forward-looking statements contained herein are based on the Company’s judgment as at the end of the fiscal year ended March 31, 2023.

The impact of COVID-19, the Ukraine situation and other factors is considered to be insignificant as no events have occurred that may have a material impact on the operating results of the Group.

(1) Operating results

During the fiscal year ended March 31, 2023, the Japanese economy witnessed signs of a normalization of economic activity owing to the gradual easing of various restrictions put in place to combat the COVID-19. However, the economic outlook remains unstable and requires close and continued monitoring due to factors that include hikes in raw materials and energy costs and rises in prices caused by the prolonged situation in Ukraine, as well as supply chain constraints and global monetary tightening.

The business environment surrounding the Group is characterized by the development of digital infrastructure across the nation toward realizing the Vision for a Digital Garden City Nation, and the promotion of digital transformation (DX) in local regions. Furthermore, there are growing needs for promoting regional decarbonization to contribute to regional development, as well as for renewable energy, energy conservation, electric vehicle usage and other components of a green transformation (GX) that fit well with regional characteristics and climates toward achieving carbon neutrality by 2050. In addition, there is a need to improve the resilience of local communities against natural disasters, which have been becoming increasingly severe in recent years.

Against this backdrop, the Group aims to evolve into a corporate group that continues to contribute to the resolution of social issues in a wider range of social infrastructure areas than ever before under its redefined purpose and mission. In order to continue to be a reliable corporate group that “builds and protects” social infrastructure of the future, the Group has formulated the “MIRAIT ONE Group Vision 2030” as its business vision toward 2030 and the fifth Medium-term Management Plan for the five-year period started in FY2022 (the targets for FY2026: net sales of 720.0 billion yen, operating profit ratio of 7.5%+, ROE of 10%+, and EPS growth rate of 10%+). The Group has identified its growth areas, which are urban and regional development, corporate DX and GX, green energy business, software business, and global business, as the “MIRAI (future) Domains” that it will focus on in the future.

Moreover, the Group established the MIRAIT ONE Smart Work/Life Declaration and the Diversity & Inclusion Declaration, thereby promoting initiatives for “people-centric management.” The Group also created a greenhouse gas emission reduction target for 2030, which was approved under the international Science Based Targets initiative (SBTi), and established a partnership declaration, thereby implementing effective measures toward creating a “strong foundation for ESG management.”

In the Environmental and Social Innovation business, the Group worked to expand net sales with increases in air conditioning work and work related to renewable energy such as solar power, as well as through SEIBU CONSTRUCTION Co., LTD., which was made a subsidiary of the Company in the previous fiscal year.

In the ICT Solutions business, although sales of goods fell significantly and LAN and other work declined, the Group strived to expand net sales by growing the global and software businesses, on which it focuses as “MIRAI (future) Domains.”

In the NTT business, optical fiber work related to the government’s initiative to expand advanced wireless telecommunication networks came to a conclusion, and mobile-related work declined substantially. On the other hand, the Group made efforts to improve productivity.

In the Multi-carrier business, despite a decrease in 700MHz TV broadcasting reception-related work, the Group strove to increase net sales by promoting the completion of 5G infrastructure development work, while also endeavoring to enhance operational efficiency.

In addition, the Company flexibly repurchased its own shares (3.14 million shares, 5,000 million yen) to enhance shareholder returns, based on its flexible capital policy to respond to changes in the management environment. Meanwhile, treasury shares not intended for use were partially cancelled (5 million shares).

As for the consolidated financial results for the fiscal year ended March 31, 2023, orders received decreased by 4.4% year-on-year to 498,268 million yen. Net sales increased by 2.9% year-on-year to 483,987 million yen. On the profit front, there was an increase in selling, general and administrative expenses due to the addition of SEIBU CONSTRUCTION Co., LTD. to the Group and branding expenses for the integration. As a result, operating profit decreased by 33.5% year-on-year to 21,803 million yen, and ordinary profit decreased by 34.5% year-on-year to 22,384 million yen. Profit attributable to owners of parent decreased by 41.3% year-on-year to 14,781 million yen. Operating profit ratio came in at 4.5%, and ROE at 6.0%.

Business results by reporting segment are as mentioned below.

[Business Results of MIRAIT ONE]
Since the launch of the new company, and with the start of the new Group structure on July 1, 2022, the Company has been working to address the five business transformation “5 Changes” to realize the “MIRAIT ONE Group Vision 2030” and the fifth Medium-term Management Plan. However, in the Environmental and Social Innovation business, the environment for orders received deteriorated, the sale of goods declined substantially, and optical fiber work for government-supported projects to expand advanced wireless telecommunication networks as well as mobile-related work declined. Consequently, orders received declined by 8.4% year-on-year to 306,103 million yen, net sales declined by 11.3% year-on-year to 290,329 million yen and operating profit decreased by 45.5% year-on-year to 12,778 million yen.

[Business Results of Lantrovision]
Although its business was unstable in certain countries as economic activities were limited due to the impact of COVID-19, Lantrovision experienced brisk telecommunication cable work for its main customers, major financial institutions and data center operators. As a result, orders received increased by 11.7% year-on-year to 25,309 million yen, net sales increased by 20.3% year-on-year to 25,492 million yen, and operating profit increased by 20.0% year-on-year to 1,603 million yen.

[Business Results of TTK]
TTK worked to grow net sales and profit by strengthening its proposal-based sales, expanding its security business, and bringing construction work in-house, despite a decrease in optical fiber work for government-supported projects to expand advanced wireless telecommunication networks and restrained investments by telecommunications carriers. In addition, TTK also received large-scale orders from non-telecommunications businesses, such as educational NW projects and construction of common ducts for power cables. As a result, orders received increased by 11.6% year-on-year to 39,157 million yen. Net sales increased by 5.8% year-on-year to 38,438 million yen and operating profit increased by 23.7% year-on-year to 2,816 million yen.

[Business Results of SOLCOM]
SOLCOM was unable to obtain large-scale orders from private-sector construction projects due to intensified competition in the bidding environment and the impact of having received a cease-and-desist order from the Japan Fair Trade Commission, and although orders received and net sales both declined substantially, it endeavored to enhance productivity in its existing business and to reduce expenses companywide. As a result, orders received declined by 3.6% year-on-year to 34,123 million yen, net sales decreased by 21.9% year-on-year to 33,933 million yen, and operating profit decreased by 58.9% year-on-year to 1,101 million yen.

[Business Results of Shikokutsuken]
Shikokutsuken worked to secure sales by receiving systems orders, including for terminals, from government offices and by assuring steady completion of large-scale works, however, there was a decline in optical fiber work for government-supported projects to expand advanced wireless telecommunication networks and lost orders for public-works projects. In addition, there were impacts of external factors such as delays in delivery of construction materials and steep price hikes. As a result, orders received decreased by 1.5% year-on-year to 22,221 million yen. Net sales decreased by 3.7% year-on-year to 24,222 million yen and operating profit decreased by 4.2% year-on-year to 2,339 million yen.

[Business Results of SEIBU CONSTRUCTION]

SEIBU CONSTRUCTION mainly engages in public works, private railway-related construction, construction focusing on condominiums and detached houses, and renovation work for buildings and facilities. Despite soaring material prices, SEIBU CONSTRUCTION strictly controlled orders and costs. As a result, orders received were 54,065 million yen, net sales were 51,624 million yen and operating profit amounted to 563 million yen.

[Business Results of MIRAIT ONE SYSTEMS]

MIRAIT ONE SYSTEMS strengthened the Group' software business and worked to develop software and to build and maintain system infrastructure. Consequently, orders received decreased by 4.3% year-on-year to 24,461 million yen, net sales increased by 6.3% year-on-year to 25,365 million yen, and operating profit increased by 35.1% year-on-year to 1,181 million yen.

Results of production, orders received, and sales are as follows.

The results of production are omitted because the Group is mainly involved in the information and telecommunications engineering business, and it is difficult to identify actual amounts of production for the business.

“Actual amounts of orders received” and “Actual amounts of sales” show consolidated performance of the Company for each segment.

a. Actual amounts of orders received

The following table shows actual amounts of orders received by segment for the fiscal year ended March 31, 2023.

Segment name	Orders received (million yen)	Year on year (%)
MIRAIT ONE	304,936	(6.8)
Lantrovision	25,050	14.0
TTK	39,134	11.8
SOLCOM	34,074	(3.6)
Shikokutsuken	22,074	(1.5)
SEIBU CONSTRUCTION	51,269	(11.7)
MIRAIT ONE SYSTEMS	21,729	2.4
Total	498,268	(4.4)

Note: Inter-segment transactions are eliminated by offset.

b. Actual amounts of sales

The following table shows actual amounts of sales by segment for the fiscal year ended March 31, 2023.

Segment name	Net sales (million yen)	Year on year (%)
MIRAIT ONE	289,637	(10.8)
Lantrovision	25,233	23.1
TTK	38,290	5.7
SOLCOM	33,884	(21.9)
Shikokutsuken	24,093	(3.6)
SEIBU CONSTRUCTION	51,126	–
MIRAIT ONE SYSTEMS	21,722	6.2
Total	483,987	2.9

Notes: 1 Inter-segment transactions are eliminated by offset.

2 The following table shows sales to customers that accounted for ten hundredths (10/100) or more of total sales and the percentage of such sales to total sales.

Customer	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
	Net sales (million yen)	Percentage (%)	Net sales (million yen)	Percentage (%)
Nippon Telegraph and Telephone East Corporation	90,257	19.2	89,497	18.5
Nippon Telegraph and Telephone West Corporation	63,066	13.4	59,668	12.3

(2) Financial position

Total assets at the end of the fiscal year ended March 31, 2023 amounted to 436,752 million yen, an increase of 966 million yen from the end of the previous fiscal year. This consisted of a decrease in current assets of 3,629 million yen and an increase in non-current assets of 4,595 million yen. This was mainly due to a decrease in cash and deposits in current assets and an increase in machinery, vehicles, tools, furniture and fixtures in non-current assets and software in progress.

Total liabilities decreased by 4,102 million yen to 182,446 million yen. This consisted of a decrease in current liabilities of 33,617 million yen and an increase in non-current liabilities of 29,515 million yen. This was mainly due to a decrease in short-term borrowings in current liabilities, and an increase of long-term borrowings in non-current liabilities.

Net assets increased by 5,068 million yen to 254,305 million yen. Although the Company paid dividends and repurchased its own shares, retained earnings increased by 8,226 million yen due to profit attributable to owners of parent of 14,781 million yen recorded during the current fiscal year.

As a result of the above, the equity ratio at the end of the fiscal year ended March 31, 2023 was 56.5% (compared to 55.6% at the end of the previous fiscal year), and net assets per share was 2,573.50 yen.

(3) Cash flows

In the fiscal year ended March 31, 2023, cash and cash equivalents (hereinafter referred to as “funds”) decreased by 18,501 million yen from the previous fiscal year to 30,399 million yen.

Net cash inflow from operating activities was 5,315 million yen (inflow of 12,972 million yen in the previous fiscal year). This was mainly attributable to profit before income taxes of 23,243 million yen, which more than offset the decrease in funds from income taxes paid of an amount of 10,100 million yen.

Net cash outflow from investment activities was 12,314 million yen (outflow of 46,204 million yen in the previous fiscal year). This was mainly attributable to the decrease in funds of 5,595 million yen due to purchases of property, plant and equipment, and 2,241 million yen due to purchases of intangible assets.

Net cash outflow from financing activities was 12,571 million yen (inflow of 38,395 million yen in the previous fiscal year). This was mainly attributable to a decrease in funds due to purchase of treasury shares of 4,998 million yen and dividends paid of 5,924 million yen.

(4) Capital resources and liquidity of funds

1) Financial policy

The Group's basic financial policy is to maintain both a stable financial base and capital efficiency. The Group will strive to enhance corporate value by creating new business opportunities and accelerating the transformation of its business structure. To this end, the Group will strategically allocate management resources with an awareness of the cost of capital while maintaining a sound financial position. We will make a comprehensive decision on shareholder returns, considering our capital policy, business performance, financial conditions, and other factors, with a target total return ratio of 50%.

2) Capital requirements

Capital requirements of the Group include ordinary working capital—such as materials, subcontracting, and labor costs for construction, and expenditures related to investment activities—such as capital investment funds for the acquisition of business assets and investment and loan funds for M&A for future growth.

With a target total return ratio of 50%, the Group will also allocate its cash flow to shareholder returns, mainly by purchasing treasury shares to pursue stable and continuous dividend growth and implement flexible capital policies.

3) Method and status of financing

The Group basically finances its operations with internal funds and uses a cash management system (CMS) to effectively use the Group funds. In case the Group needs a capital temporarily, it procures short-term funds from financial institutions. To prepare for capital requirements for emergencies and growth investments such as M&A, the Group ensures to hold appropriate amounts of cash and deposits on hand. In addition, the Group works to build a fund-raising structure such as by maintaining and strengthening relationships with financial institutions to establish commitment lines for short-term borrowings and obtaining external credit ratings.

(5) Significant accounting estimates and underlying assumptions

The Group's consolidated financial statements are prepared based on accounting principles generally accepted in Japan. In preparing these consolidated financial statements, estimates and decisions affecting assets and profit and loss were made by taking into account various factors that were considered to be reasonable based on past results and information available at that time.

Significant accounting estimates and assumptions used in the preparation of the consolidated financial statements are disclosed in "V. Financial Information 1. Consolidated Financial Statements, etc. (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, *Significant accounting estimates.*"

5. Material Contracts, etc.

Not applicable.

6. Research and Development Activities

Research and development (R&D) activities of the Group were mainly conducted by the business companies for the fiscal year ended March 31, 2023. R&D expenses of the Group for the fiscal year ended March 31, 2023 totaled 116 million yen. Major R&D activities for each segment are as follows.

[MIRAIT ONE]

The Frontier Business Division and NTT Business Division's DX Promotion Department support the R&D activities of MIRAIT ONE. The Frontier Business Division conducts (1) technological development to contribute efficiency of construction and improvement of safety and quality, (2) technological development for new business opportunities, and (3) management of intellectual property across the company in cooperation with business headquarters and branch offices. The NTT Business Division's DX Promotion Department primarily focuses on (4) developing infrastructure technologies that contribute to improving efficiency of construction and improvement of safety and quality in the network engineering business in cooperation with technical centers in the NTT Business Division.

R&D expenses amounted to 102 million yen.

(1) Technological development in construction

- With the aim of improving the efficiency of civil engineering work, MIRAIT ONE continued joint research with the National Institute of Technology, Sendai College on the ground-penetrating radar to clarify radar images and identify buried objects using AI. Some of the results were presented at academic conferences and in papers.

(2) New business development

- To expand the green power business, MIRAIT ONE supported business application of design methods that use commercially-available equipment to optimize solar panel output and the technology to simulate the amount of power generated. These methods and technology are useful for repowering of solar power plants for which a certain number of years have passed since the construction.
- The company received orders for work related to optical fiber sensor cables by using its long-cultivated know-how on communications cable work. We aim to expand optical fiber related work as a new business area.

(3) Management of intellectual property (April 1, 2022 through March 31, 2023)

- One patent was filed and three patents were registered. Five trademarks were registered.

(4) Network engineering business

R&D activities related to communication lines

- Two VE suggestions by telecommunications carriers were judged to be acceptable by customers. Operational instructions were provided to telecommunications construction companies nationwide by issuing technical documents based on these suggestions.
  1. High visibility sticker for bucket truck wheel stopper
  2. Development of reinforced brake arm for drop cable reels

- Seven VE suggestions by telecommunications carriers were judged to be discretionally acceptable by customers. The telecommunications construction companies nationwide were notified that they may adopt the operation at their own discretion.
  1. Development of dirt scattering prevention sheet for percussion drilling
  2. Development of entry ladder handrail (attachment) for diamond-patterned iron manhole cover
  3. Improvement of efficiency of manhole blower ducting installation and storage
  4. Development of construction notice signs
  5. Development of rescue harness for manhole
  6. Invention of IDM connection module and optical fiber termination hardware
  7. Freestanding long pole for facility inspection (“Taoren-bo” (anti-toppling pole) DX8)

  Reference

  VE stands for Value Engineering. The VE suggestion system is for customers and seeks to improve service productivity in telecommunications facility work through proactive initiatives such as improvement of efficiency of work and reduction of cost.

[Lantrovision]

Not applicable.

[TTK]

The Expert Center of TTK supports its R&D activities. The center works with the Business Headquarters and branch offices to develop various machines, tools, measuring instruments, and other equipment necessary for work to improve productivity, quality, and safety of telecommunications construction projects.

R&D expenses amounted to 3 million yen.

(1) Expansion of simple waterjet system

In infrastructure works, high-pressure washing vehicles are used to clean the interior of tubes when mud or dirt causes problems with mandrel pass-through performance tests. Because of the large size and heavy weight of the vehicles, however, time required for securing space and making reservations and arrangements, as well as the exhaust gas emitted by the machines have been problems.

To solve these problems, we developed a simple waterjet system that is compact, readily portable, and emits no exhaust gas. This allows us to conduct pass-through performance tests efficiently and cleanly.

[SOLCOM]

The E&S Business Transformation Project Team is responsible for R&D activities. Especially in recent years, the team has been working to develop digital tools, aiming to increase operational efficiency through field digitization and improve process through "visualization".

R&D expenses amounted to 11 million yen.

R&D activities for engineering business

- Development of "visualization" tools
  We have been working on business process reform by developing tools for "visualizing construction status" with the aim of improving the construction process. We will work to improve operating efficiency by efficiently allocating engineers utilizing the tool for "visualizing construction operations," which is currently under development.
- Development of tools to increase efficiency of indirect operations
  In the fiscal year ended March 31, 2023, for expanding the applicable operations and enhance user convenience, we implemented the development which aims to improve efficiency through digitization of indirect operation, by improving the internally-developed "design support system" and developing tools of receiving and placing orders for construction equipment/maintenance work.

[Shikokutsuken]

Not applicable.

[SEIBU CONSTRUCTION]

Not applicable.

[MIRAIT ONE SYSTEMS]

Not applicable.

III. Information about Facilities

1. Overview of Capital Expenditures, etc.

During the fiscal year ended March 31, 2023, the Company made capital expenditures of 9,570 million yen in total. The major components of the capital expenditures were development expenses for the next-generation mission-critical system incurred by the Company.

2. Major Facilities

(1) Reporting company

• MIRAIT ONE Corporation

(As of March 31, 2023)

Office (location)	Segment	Description of facilities	Carrying amount (million yen)							Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other	Total	
					Area (m^2)	Amount				
Head Office (Koto-ku, Tokyo)	MIRAIT ONE	Head office	203	0	–	–	334	129	668	632
Kanto region branch offices/ construction offices (Koto-ku, Tokyo and 9 other locations)		Branch office/ construction base	6,977	30	57,310	8,617	198	258	16,081	897
Kansai region branch offices/ construction offices (Osaka City, Osaka Pref. and 6 other locations)		Branch office/ construction base	21,460	1,584	34,999	5,348	732	281	29,406	779
Tohoku region construction offices (Koriyama City, Fukushima Pref.)		Construction base	88	–	8,732	469	19	1	578	40
Training Center (Ichikawa City, Chiba Pref.)		Training center	407	10	3,497	251	10	2	683	21
Company dormitories (Adachi-ku, Tokyo and 1 other location)		Company dormitory	1,527	5	2,786	258	1	4	1,798	–

(2) Consolidated subsidiaries

• TTK Co., Ltd.

(As of March 31, 2023)

Office (location)	Segment	Description of facilities	Carrying amount (million yen)							Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other	Total	
					Area (m^2)	Amount				
Head Office (Wakabayashi-ku, Sendai City)	TTK	Head office	799	123	14,744	849	4	66	1,844	454
Miyagi Branch Office (Wakabayashi-ku, Sendai City)		Branch office/ construction base	312	0	20,551	383	321	11	1,029	56
Iwate Branch Office (Yahaba Town, Iwate Pref.)		Branch office/ construction base	126	0	31,925	296	196	10	629	36
Aomori Branch Office (Aomori City, Aomori Pref.)		Branch office/ construction base	335	0	8,891	73	89	10	508	22
Akita Branch Office (Akita City, Akita Pref.)		Branch office/ construction base	41	0	11,396	213	116	4	374	25
Yamagata Branch Office (Yamagata City, Yamagata Pref.)		Branch office/ construction base	26	0	6,188	80	218	8	333	23
Fukushima Branch Office (Fukushima City, Fukushima Pref.)		Branch office/ construction base	520	21	13,660	108	124	6	781	28

• SOLCOM Co., Ltd.

(As of March 31, 2023)

Office (location)	Segment	Description of facilities	Carrying amount (million yen)							Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other	Total	
					Area (m^2)	Amount				
Head Office/ Business Headquarters (Naka-ku, Hiroshima City and 1 other location)	SOLCOM	Head office	693	0	9,389	417	148	32	1,292	485
Hiroshima Branch Office (Naka-ku, Hiroshima City and 1 other location)		Branch office	504	0	55,454	2,417	5	1	2,928	82
Okayama Branch Office (Kita-ku, Okayama City and 1 other location)		Branch office	605	0	29,124	926	14	4	1,551	123
Yamaguchi Branch Office (Yamaguchi City, Yamaguchi Pref.)		Branch office	408	27	62,180	614	37	7	1,096	90
Shimane Branch Office (Matsue City, Shimane Pref.)		Branch office	403	0	18,725	159	5	10	579	96
Tokyo Branch Office (Ota-ku, Tokyo)		Branch office	4	–	292	410	–	0	414	13

• Shikokutsuken Co., Ltd.

(As of March 31, 2023)

Office (location)	Segment	Description of facilities	Carrying amount (million yen)							Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other	Total	
					Area (m²)	Amount				
Head Office (Imabari City, Ehime Pref.)	Shikokutsuken	Head office	1,084	16	22,002	612	–	27	1,740	256
Matsuyama Branch Office (Matsuyama City, Ehime Pref.)		Branch office	81	19	8,657	500	–	1	602	82
Takamatsu Branch Office (Takamatsu City, Kagawa Pref.)		Branch office	61	–	4,512	356	–	0	417	32
Kochi Branch Office (Kochi City, Kochi Pref.)		Branch office	52	41	5,172	301	–	1	396	71
Tokushima Branch Office (Tokushima City, Tokushima Pref.)		Branch office	69	–	2,302	24	–	0	94	18
Niihama Sales Office (Niihama City, Ehime Pref.)		Sales office	42	–	643	111	–	0	154	17
Saijo Sales Office (Saijo City, Ehime Pref.)		Sales office	57	35	3,075	234	–	1	329	40
Uwajima Sales Office (Uwajima City, Ehime Pref.)		Sales office	9	30	3,301	75	–	0	115	25

• SEIBU CONSTRUCTION Co., LTD.

(As of March 31, 2023)

Office (location)	Segment	Description of facilities	Carrying amount (million yen)							Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other	Total	
					Area (m²)	Amount				
Kume Dormitory (Tokorozawa City, Saitama Pref.)	SEIBU CONSTRUCTION.	Company dormitory, etc.	0	–	1,672	204	–	–	205	–
Shonan Office (Kamakura City, Kanagawa Pref.)		Office	2	–	1,105	211	–	–	213	2
Tokorozawa Head Office (Tokorozawa City, Saitama Pref.)		Office	16	26	–	–	–	80	123	261

• MIRAIT ONE SYSTEMS Corporation

(As of March 31, 2023)

Office (location)	Segment	Description of facilities	Carrying amount (million yen)							Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other	Total	
					Area (m²)	Amount				
Head Office (Minato-ku, Tokyo)	MIRAIT ONE SYSTEMS	Head office	38	–	–	–	–	15	54	82

• Other domestic subsidiaries

(As of March 31, 2023)

Company name	Office (location)	Segment	Description of facilities	Carrying amount (million yen)							Number of employees (persons)
				Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other	Total	
						Area (m^2)	Amount				
Tohoken System Engineering Corp.	Sano City, Tochigi Pref.	MIRAIT ONE	Head office	88	228	10,492	536	23	6	883	57
	Makabe District, Ibaraki Pref. (1 other location)		Branch office	41	–	9,369	140	–	0	182	19
	Sano City, Tochigi Pref. (4 other locations)		Construction base	56	0	81,373	1,081	–	0	1,138	84
MIRAIT Mobile East Co., Ltd.	Higashi-ku, Sapporo City		Head office	32	–	1,974	184	–	9	226	63
	Miyagino-ku, Sendai City		Branch office	262	–	3,675	196	–	0	458	73
COTONET ENGINEERING Co., Ltd.	Shimogyo-ku, Kyoto City (5 other locations)		Head office	154	0	4,961	550	–	8	714	157
Dentsu Material Inc.	Aki District, Hiroshima Pref.	SOLCOM	Head office	39	186	10,764	431	–	3	661	16

• Foreign subsidiaries

(As of December 31, 2022)

Company name	Office (location)	Segment	Description of facilities	Carrying amount (million yen)							Number of employees (persons)
				Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other	Total	
						Area (m^2)	Amount				
Shanghai Changling Communication Equipment Co.,Ltd.	Shanghai, China	Lantrovision	Tele-communications tower	957	1	–	–	–	13	972	22

Notes: 1. The above amounts do not include consumption and other taxes and construction in progress.
2. "Other" in the carrying amount shows the total amount of tools, furniture and fixtures.
3. Certain land and buildings are leased from entities other than consolidated subsidiaries, and the annual rents amounted to 4,107 million yen.
4. The balance sheet date of Shanghai Changling Communication Equipment Co., Ltd. was December 31, 2022. As the company's financial statements as of that date were used to prepare the consolidated financial statements, the figures presented in the consolidated financial statements were as of December 31, 2022.

3. Planned Additions, Retirements and Other Changes of Facilities

(1) Additions of major facilities, etc.

Company name	Office (location)	Segment	Description of facilities	Planned investment		Financing method	Start date	Expected completion date	Increased capacity after completion
				Total (million yen)	Paid (million yen)				
MIRAIT ONE Corporation	Kanagawa Construction Office (Kanazawa- ku, Yokohama City)	MIRAIT ONE	Buildings, structures	3,960	2,426	Own funds	March 2021	January 2024	–
SOLCOM Co., Ltd.	Shin Minamimachi Building (Hiroshima City)	SOLCOM	Buildings, structures	1,863	–	Own funds	August 2023	September 2024	–

Note: The above amounts do not include consumption and other taxes.

(2) Retirements of major facilities, etc.

There were no planned retirements of major facilities, except for the retirements of facilities for regular upgrading.

IV. Information about Reporting Company

1. Company's Shares, etc.

(1) Total number of shares

1) Authorized shares

Type	Total number of shares authorized to be issued (shares)
Common stock	330,000,000
Total	330,000,000

2) Issued shares

Type	Number of issued shares as of fiscal year end (March 31, 2023) (shares)	Number of issued shares as of filing date (June 28, 2023) (shares)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common stock	103,325,329	103,325,329	Prime Market of the Tokyo Stock Exchange	The number of shares constituting one unit is 100 shares.
Total	103,325,329	103,325,329	–	–

(2) Share acquisition rights

1) Stock option plans

Not applicable.

2) Rights plans

Not applicable.

3) Share acquisition rights for other uses

Not applicable.

(3) Exercises of moving strike convertible bonds, etc.

Not applicable.

(4) Changes in number of issued shares, share capital and legal capital surplus

Date	Increase (decrease) in total number of issued shares (shares)	Balance of total number of issued shares (shares)	Increase (decrease) in share capital (million yen)	Balance of share capital (million yen)	Increase (decrease) in legal capital surplus (million yen)	Balance of legal capital surplus (million yen)
October 1, 2018 (Notes 1)	7,789,978	93,171,844	–	7,000	–	2,000
January 1, 2019 (Notes 2)	15,153,485	108,325,329	–	7,000	–	2,000
February 28, 2023 (Notes 3)	5,000,000	103,325,329	–	7,000	–	2,000

Notes: 1. The increase was attributable to a share exchange with TTK Co., Ltd. (exchange ratio: 1 : 0.47/ appropriation of treasury stock: 2,000,000 shares).

2. The increase was attributable to an increase of 9,393,485 shares resulting from a share exchange with SOLCOM Co., Ltd. (exchange ratio: 1 : 2.05/ appropriation of treasury stock: 2,000,000 shares) and an increase of 5,760,000 shares resulting from a share exchange with Shikokutsuken Co., Ltd. (exchange ratio: 1 : 0.64).

3. The decrease was attributable to the cancellation of treasury shares.

(5) Shareholding by shareholder category

As of March 31, 2023

Category	Shareholding status (Number of shares constituting one unit: 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	Financial service providers	Other corporations	Foreign investors, etc.		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders (persons)	–	43	35	335	210	33	27,982	28,638	–
Number of shares held (units)	–	339,701	11,796	117,076	230,032	51	331,504	1,030,160	309,329
Percentage of shareholdings (%)	–	32.98	1.15	11.36	22.33	0.00	32.18	100.00	–

Notes: 1. Out of 7,114,552 treasury shares, 71,145 units are included in "Individuals and others," and 52 shares are included in "Shares less than one unit."

2. 303,200 shares (3,032 units) held by Custody Bank of Japan, Ltd. (trust account E) as trust property of the "Board Benefit Trust" are included in "Financial institutions."

3. 47 units and 35 shares held in the name of Japan Securities Depository Center are included in "Other corporations" and "Shares less than one unit," respectively.

(6) Major shareholders

As of March 31, 2023

Name	Address	Number of shares held (thousand shares)	Shareholding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (trust account)	2-11-3, Hamamatsucho, Minato-ku	15,030	15.62
Custody Bank of Japan, Ltd. (trust account)	1-8-12, Harumi, Chuo-ku	7,919	8.23
Sumitomo Electric Industries, Ltd.	4-5-33, Kitahama, Chuo-ku, Osaka City	3,668	3.81
Sumitomo Densetsu Co., Ltd.	2-1-4, Awaza, Nishi-ku, Osaka City	2,488	2.59
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd.)	P.O. Box 351 Boston, MA 02101, U.S.A. (2-15-1, Konan, Minato-ku)	2,299	2.39
MIRAIT ONE Employee Stockholding Association	5-6-36, Toyosu, Koto-ku	2,091	2.17
NOMURA AYA (Standing proxy: Citibank)	Cuscaden Walk, Singapore (6-27-30, Shinjuku, Shinjuku-ku)	1,397	1.45
Mizuho Bank, Ltd. (Standing proxy: Custody Bank of Japan, Ltd.)	1-5-5, Otemachi, Chiyoda-ku (1-8-12, Harumi, Chuo-ku)	1,300	1.35
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT (Standing proxy: MUFG Bank, Ltd.)	Avenue des Arts, 35 Kunstlaan, 1040 Brussels, Belgium (2-7-1, Marunouchi, Chiyoda-ku)	1,280	1.33
STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A (2-15-1, Konan, Minato-ku)	1,247	1.30
Total	–	38,724	40.25

Notes: 1. The number of shares held through trusts are as follows:

The Master Trust Bank of Japan, Ltd. (Trust Account): 15,030 thousand shares

Custody Bank of Japan, Ltd. (Trust Account): 7,919 thousand shares

2. The percentage of shareholdings to the total issued shares was calculated after deducting 7,114 thousand treasury shares.

(7) Voting rights

1) Issued shares

As of March 31, 2023

Category	Number of shares (shares)	Number of voting rights (units)	Description
Shares with no voting rights	–	–	–
Shares with restricted voting rights (treasury shares, etc.)	–	–	–
Shares with restricted voting rights (other)	–	–	–
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common stock 7,114,500	–	–
Shares with full voting rights (other)	Common stock 95,901,500	959,015	–
Share less than one unit	Common stock 309,329	–	–
Total number of issued shares	103,325,329	–	–
Voting rights held by all shareholders	–	959,015	–

Notes: 1. The number of shares of common stock in “Shares with full voting rights (other)” includes 4,700 shares (47 units of voting rights) held in the name of Japan Securities Depository Center and 303,200 shares (3,032 units of voting rights) held by Custody Bank of Japan, Ltd. (Trust Account E) as trust property of the Board Benefit Trust” system. The 3,032 units of voting rights are not to be exercised.

2. The number of shares of common stock in “Share less than one unit” includes 52 treasury shares held by the Company and 35 shares held in the name of Japan Securities Depository Center.

2) Treasury shares, etc.

As of March 31, 2023

Name of shareholder	Address of shareholder	Number of shares held in own name (shares)	Number of shares held in others’ names (shares)	Total number of shares held (shares)	Shareholding ratio (%)
(Treasury shares) MIRAIT ONE Corporation	5-6-36, Toyosu, Koto-ku	7,114,500	–	7,114,500	6.91
Total	–	7,114,500	–	7,114,500	6.91

Notes: 1. In addition to the above, 1,540 shares (15 units of voting rights) are recorded in the name of MIRAIT Technologies Corporation in the shareholder register but are not substantially held by the company. Out of these shares, 1,500 shares and 40 shares are included in “Shares with full voting rights (other)” and “Share less than one unit,” respectively, in “1) Issued shares” above.

2. 303,200 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) set up for introducing the “Board Benefit Trust” system are not included in the above number of treasury shares.

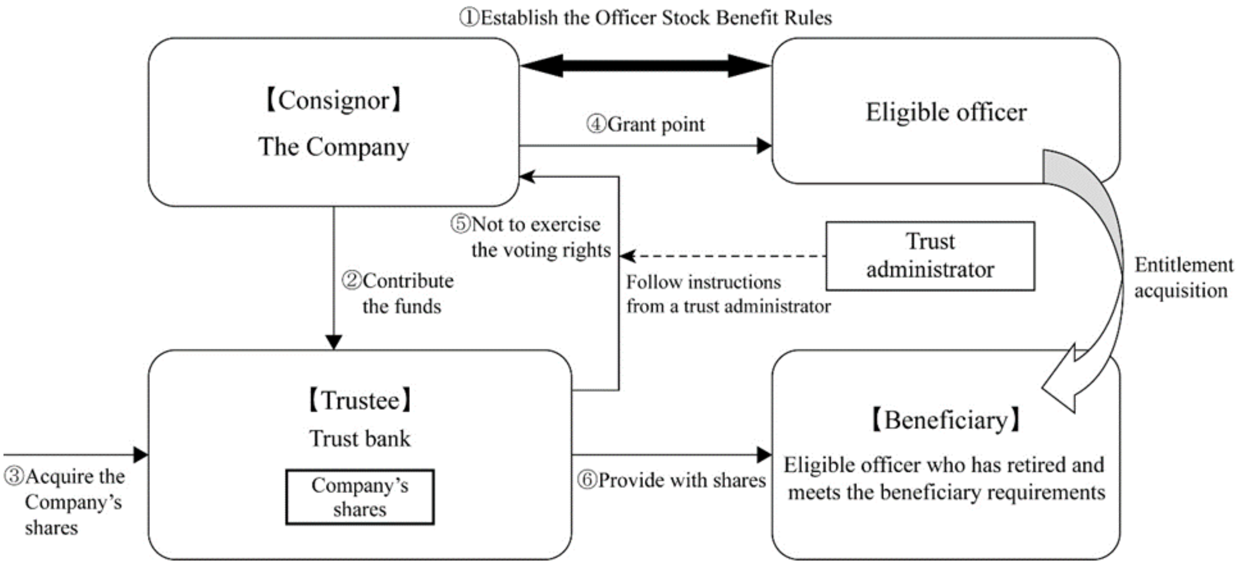
(8) Share ownership plan for Directors, other officers and employees

Based on the resolution at the 6th Ordinary General Meeting of Shareholders held on June 28, 2016, the Company introduced a performance-linked stock-based remuneration system of a “Board Benefit Trust” (hereinafter referred to as the “System”) from September 30, 2016. The introduction was for the purpose of clarifying the connection between remuneration of officers and the Company’s performance and share price to raise awareness of contributions to the improvement of medium- to long-term performance and corporate value. This is the System to grant the Company’s shares to the Company’s Directors who are not Audit and Supervisory Committee members or executive officers as well as Directors and executive officers of the Company’s subsidiaries (excluding outside Directors and non-executive Directors; hereinafter referred to as “Group officers”): TTK Co., Ltd., SOLCOM Co., Ltd., Shikokutsuken Co., Ltd., SEIBU CONSTRUCTION Co., LTD., and MIRAIT ONE SYSTEMS Corporation, who have met certain requirements.

1. Overview of the System

The System is a performance-linked stock-based remuneration system in which shares of the Company are acquired using funds contributed by the Company, and provided to “Group officers” in principle through a trust in accordance with the Officer Stock Benefit Rules stipulated by the Boards of Directors of the Company and the Group companies: TKK Co., Ltd., SOLCOM Co., Ltd., Shikokutsuken Co., Ltd, SEIBU CONSTRUCTION Co., LTD., and MIRAIT ONE SYSTEMS Corporation. In principle, the timing of receipt of the shares by the “Group officers” shall be when retiring from the position of officer of the “Group.”

<Mechanism of the System>



1) The Group officers’ remuneration paid under the System was resolved at the general meeting of shareholders. Subsequently, the Company established the Officer Stock Benefit Rules within the scope of the framework approved at the general meeting of shareholders.
2) The Company will contribute the funds within the range approved at the general meeting of shareholders specified in 1).
3) The trust will acquire the Company’s shares through the stock market or by receiving disposal of the Company’s treasury stock using the funds entrusted under 2).
4) The Company will grant points to eligible officers based on the Officer Stock Benefit Rules.
5) The trust shall follow instructions from a trust administrator independent from the Company not to exercise the voting rights of the Company’s shares in the trust account.
6) The trust will provide an eligible officer who has retired and meets the beneficiary requirements stipulated in the Officer Stock Benefit Rules with the number of shares corresponding to the number of points granted to the beneficiary.

2. Total number of shares to be contributed to the Board Benefit Trust

Future contributions have not yet been decided.

The Company has contributed 303,500 shares (518,075,500 yen) on May 31, 2023.

3. Persons eligible to receive beneficiary rights and other rights under the Board Benefit Trust

“Group officers” who have retired and meet the beneficiary requirements stipulated in the Officer Stock Benefit Rules

2. Acquisition and Disposal of Treasury Shares

Class of shares, etc.: Acquisition of common stock under Article 155, Items 3 and 7 of the Companies Act

(1) Acquisition by resolution of General Meeting of Shareholders

Not applicable.

(2) Acquisition by resolution of Board of Directors' meeting

Acquisition under Article 156 of the Companies Act, as applied mutatis mutandis pursuant to Article 165, Paragraph 3 of the Act

Category	Number of shares (shares)	Total amount (yen)
Status of resolution at the Board of Directors (held on May 13, 2022) (Purchase period: May 16, 2022 through September 30, 2022)	1,350,000	2,000,000,000
Treasury shares acquired before the fiscal year ended March 31, 2023	–	–
Treasury shares acquired during the fiscal year ended March 31, 2023	1,229,000	1,999,967,200
Total number and amount of remaining shares resolved	121,000	32,800
Unexercised percentage as of March 31, 2023 (%)	8.96	0.00
Treasury shares acquired during the period from April 1, 2023 to June 28, 2023	–	–
Unexercised percentage as of the filing date (%)	8.96	0.00

Category	Number of shares (shares)	Total amount (yen)
Status of resolution at the Board of Directors (held on March 1, 2023) Note (Purchase period: November 14, 2022 through April 28, 2023)	3,600,000	4,000,000,000
Treasury shares acquired before the fiscal year ended March 31, 2023	–	–
Treasury shares acquired during the fiscal year ended March 31, 2023	1,913,800	2,996,294,200
Total number and amount of remaining shares resolved	1,686,200	1,003,705,800
Unexercised percentage as of March 31, 2023 (%)	46.84	25.09
Treasury shares acquired during the period from April 1, 2023 to June 28, 2023	603,500	1,003,571,700
Unexercised percentage as of the filing date (%)	30.08	0.00

Note: Expansion of limit for purchase of treasury shares mentioned above and extension of purchase period were resolved as follows at the Board of Directors held on March 1, 2023.

Resolution	Purchase period	Number of shares (shares)	Total amount (yen)
Board of Directors' meeting held on November 11, 2022	November 14, 2022 through March 31, 2023	1,800,000	2,000,000,000
Board of Directors' meeting held on March 1, 2023	November 14, 2022 through April 28, 2023	3,600,000	4,000,000,000

Category	Number of shares (shares)	Total amount (yen)
Status of resolution at the Board of Directors (held on May 15, 2023) (Purchase period: June 5, 2023 through March 31, 2024)	4,500,000	5,000,000,000
Treasury shares acquired before the fiscal year ended March 31, 2023	–	–
Treasury shares acquired during the fiscal year ended March 31, 2023	–	–
Total number and amount of remaining shares resolved	–	–
Unexercised percentage as of March 31, 2023 (%)	100.00	100.00
Treasury shares acquired during the period from April 1, 2023 to June 28, 2023	–	–
Unexercised percentage as of the filing date (%)	100.00	100.00

Note: The number of treasury shares acquired during the period from April 1, 2023 to June 28, 2023 does not include shares acquired during the period from June 1, 2023 to June 28, 2023.

(3) Acquisition not based on resolution of General Meeting of Shareholders or Board of Directors' meeting

Category	Number of shares (shares)	Total amount (yen)
Treasury shares acquired during the fiscal year ended March 31, 2023	1,127	1,816,990
Treasury shares acquired during the period from April 1, 2023 to June 28, 2023	160	281,500

Notes: 1. Treasury shares acquired during the fiscal year ended March 31, 2023 represent 1,127 shares (total amount of 1,816,990 yen) acquired in response to the demand for purchase of shares less than one unit as stipulated under Article 155, Item 7 of the Companies Act.

2. Treasury shares acquired during the period from April 1, 2023 to June 28, 2023 represent shares acquired in response to the demand for purchase of shares less than one unit as stipulated under Article 155, Item 7 of the Companies Act.

3. The number of treasury shares acquired during the period from April 1, 2023 to June 28, 2023 does not include shares less than one unit purchased during the period from June 1, 2023 to June 28, 2023.

(4) Disposal of acquired treasury shares and number of treasury shares held

Category	Current fiscal year		From April 1, 2023 until the filing date of this Annual Securities Report	
	Number of shares (shares)	Total amount of disposal (yen)	Number of shares (shares)	Total amount of disposal (yen)
Acquired treasury shares for which subscribers were solicited	–	–	–	–
Acquired treasury shares that were disposed of	5,000,000	8,394,650,000	–	–
Acquired treasury shares that were transferred for merger, share exchange, share issuance and company split	–	–	–	–
Other (sale of shares to meet demands to buy additional share of less than one unit)	496	776,897	–	–
Other (disposal of treasury shares)	–	–	303,500	518,074,500
Treasury shares held	7,114,552	–	7,414,712	–

Notes: 1. The number of treasury shares held during the period from April 1, 2023 to June 28, 2023 does not include shares less than one unit purchased or sold to meet demands to buy additional share of less than one unit during the period from June 1, 2023 to June 28, 2023.

2. Other (disposal of treasury shares) during the period from April 1, 2023 to June 28, 2023 is a disposal of treasury shares of 303,500 shares (total amount of disposal of 518,074,500 yen) conducted for Custody Bank of Japan, Ltd. (Trust Account E) as a result of the additional contribution to the Board Benefit Trust by the Company.

3. Shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) set up for introducing the "Board Benefit Trust" system are not included in the above number of treasury shares held.

3. Dividend Policy

The Company has revised its existing policy on shareholder returns in the fifth Medium-term Management Plan announced in May of last year, and will return profits to shareholders with its total shareholder return target of 50% level through stable dividend growth and flexible share repurchases.

On the other hand, we will consider canceling treasury stock that has no purpose of use.

Dividends from retained earnings are basically paid twice a year, in the form of an interim dividend and a year-end dividend. The Board of Directors is the decision-making body for interim dividends, and the General Meeting of Shareholders is that for year-end dividends. Payment of interim dividends as stipulated under Article 454, Paragraph 5 of the Companies Act has been specified by the Articles of Incorporation of the Company.

Based on the above, the Company has decided to pay an annual dividend of 60 yen per share (interim dividend of 30.00 yen and year-end dividend of 30.00 yen per share) for the 13th fiscal year.

The Company also acquired the treasury shares (total of 3.14 million shares, 5,000 million yen) during the current fiscal year to enhance shareholder returns and based on its capital policy to respond flexibly to changes in the business environment. As a result, the total shareholder return ratio for the current fiscal year was 73.2%.

As for shareholder returns for the fiscal year ending March 31, 2024, the Company plans to pay an annual dividend of 65 yen per share (interim dividend of 30 yen and year-end dividend of 35 yen per share), which is an increase of 5 yen per share. In addition, on May 15, 2023, the Company resolved to repurchase its own shares of up to 4.50 million shares, 5,000 million yen.

Also, in April, of the acquisition of treasury shares decided on March 1, 2023, 600,000 shares/ 1,000 million yen have been implemented.

Note: Dividends of surplus whose record date falls within the current fiscal year are as follows:

Resolution date	Total amount of dividends (million yen)	Dividend paid per share (yen)
Board of Directors' meeting held on November 11, 2022	2,943	30.00
Ordinary General Meeting of Shareholders held on June 27, 2023	2,886	30.00

4. Corporate Governance

(1) Overview of corporate governance

1) Basic approach to corporate governance

The Company recognizes the importance of management as a socially-responsible company and have put in place organizational structures and systems to ensure transparency and fairness in decision-making. Building relationships founded in trust with all of our stakeholders including shareholders is positioned as the most important aspect of management.

The Company recognizes building relationships founded in trust with all of our stakeholders as indispensable to the realization of effective corporate governance. Therefore, the Company is enhancing the following to raise effectiveness of our corporate governance:

- Protect shareholder rights and equality among shareholders;
- Collaborate with stakeholders other than shareholders in appropriate ways;
- Disclose information in appropriate ways and secure transparency;
- Deliver on responsibilities, especially that of the Board of Directors;
- Engage with shareholders

2) Corporate governance system and reasons for selecting the system

1. Corporate governance system

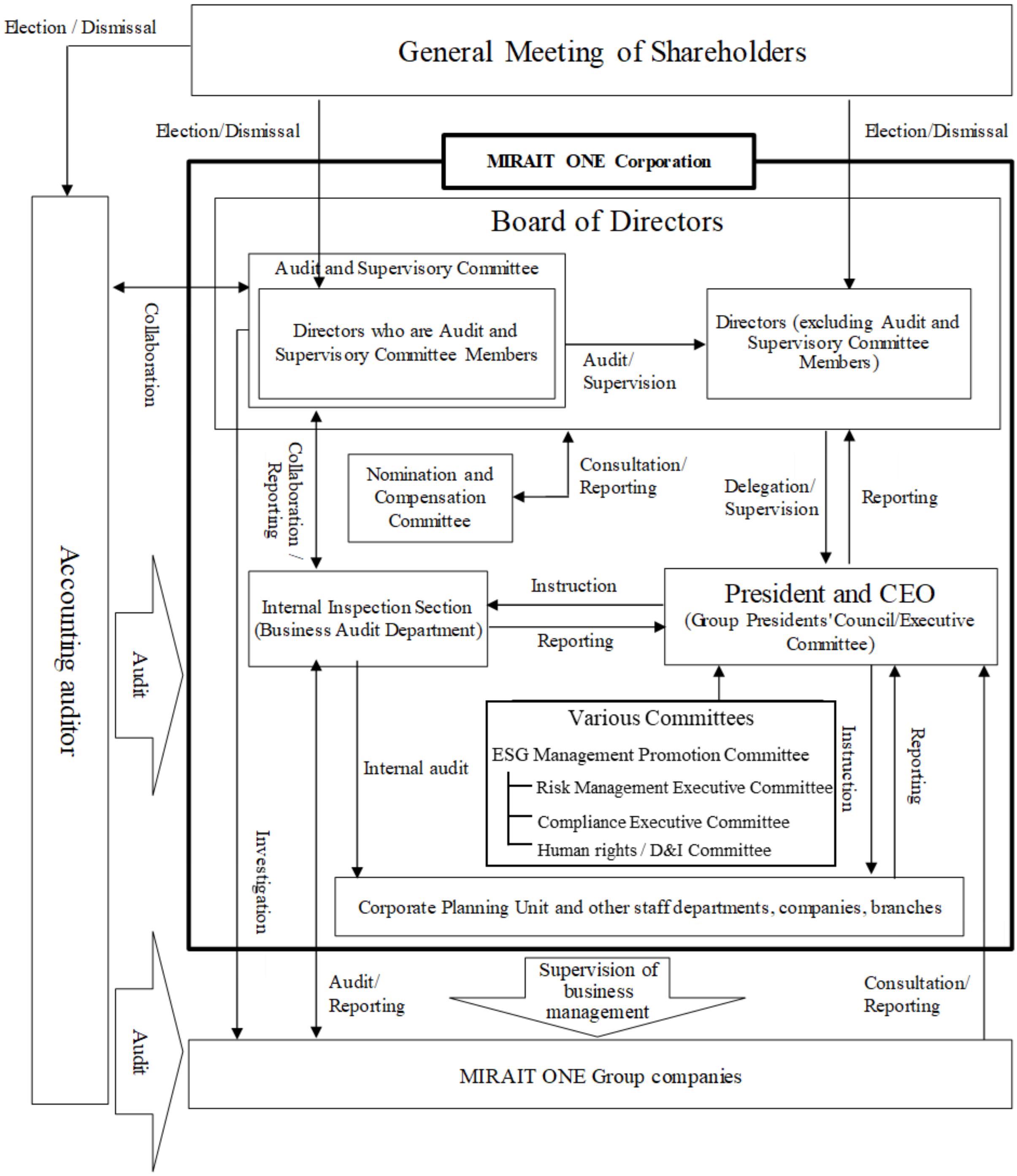
The Company is one with an Audit and Supervisory Committee and has the Board of Directors, Audit and Supervisory Committee, and an accounting auditor.

As for Directors, the Company has appointed independent outside Directors.

As of the date of submission of this report (June 28, 2023), there are 19 Directors, 7 of whom are outside Directors.

In addition, a system has been established in which the Audit and Supervisory Committee, the internal audit unit, as well as the accounting auditor conduct independent audits and they cooperate with one another.

Diagram of corporate bodies, internal control, etc. is as follows:



The overview of established corporate bodies is as follows:

<table>
<tr><th>Name</th><th>Objective and authority</th><th>Representative</th><th colspan="2">Members</th></tr>
<tr><td rowspan="2">Board of Directors</td><td rowspan="2">Body to resolution on legal matters related to management of the company, determine fundamental management policy and important matters concerning the execution of business, in addition to oversee the execution of duties of Directors</td><td rowspan="2">President and CEO Toshiki Nakayama</td><td>Directors who are not Audit and Supervisory Committee members</td><td>Yasushi Totake, Masayuki Takahashi, Tatsumi Miyazaki, Yoichiro Takaya, Hiroshi Wakimoto, Takaaki Mitsuya, Katsuhiko Igarashi, Hiroki Ohashi, Yasuhiro Takagi, Chiharu Baba, Mayumi Yamamoto, Shinichi Kawaratani, Yuko Tsukasaki</td></tr>
<tr><td>Directors who are Audit and Supervisory Committee members</td><td>Yasuhiro Yamamoto, Koji Aoyama, Chiaki Katsumaru (Chiaki Ishikawa), Shigeru Suemori, Osamu Hayakawa</td></tr>
<tr><td>Nomination and Compensation Committee</td><td>Body established as an advisory committee for the Board of Directors for the purpose of heightening the objectivity in matters related to the nomination and compensation of Directors</td><td>Outside Director Chiharu Baba</td><td>Directors</td><td>Mayumi Yamamoto, Shinichi Kawaratani, Yuko Tsukasaki, Toshiki Nakayama</td></tr>
<tr><td>Audit and Supervisory Committee</td><td>Reports on audits of Directors' execution of duties, etc., and resolutions on important matters related to audits</td><td>Directors Audit and Supervisory Committee member (Full-time) Yasuhiro Yamamoto</td><td>Audit and Supervisory Committee Members</td><td>(Full-time) Koji Aoyama, Chiaki Katsumaru (Chiaki Ishikawa), Shigeru Suemori, Osamu Hayakawa</td></tr>
<tr><td>Group Presidents' Council</td><td>Body to receive reports and deliberate on vital policies about important matters related to management policies (mainly concerning business)</td><td>President and CEO Toshiki Nakayama</td><td>Members</td><td>Business Company COO, Strategy Headquarters Manager of Business Company,
President of Major Group Companies,
Strategy Headquarters Manager of Major Group Companies,
Frontier Business Headquarters COO/CDO,
1st Department Manager of Stuff Department,
Directors who are Audit and Supervisory Committee members (Full-time)</td></tr>
<tr><td>Executive Committee</td><td>Body to receive reports and deliberate on vital policies about important matters related to management policies</td><td>President and CEO Toshiki Nakayama</td><td>Members</td><td>Business Company COO, President of Major Group Companies,
Frontier Business Headquarters COO/CDO,
1st Department Manager of Stuff Department,
Directors who are Audit and Supervisory Committee members (Full-time)</td></tr>
<tr><td>ESG Management Promotion Committee</td><td>Formulate basic ESG policies and strategies for the entire Group, promote various measures, and receive reports on matters delegated by subordinate subcommittees (Risk Management, Compliance, Human Rights/D&I)</td><td>President and CEO Toshiki Nakayama</td><td>Members</td><td>Business Company COO, President of Major Group Companies,
Frontier Business Headquarters COO/CDO,
1st Department Manager of Stuff Department,
Directors who are Audit and Supervisory Committee members (Full-time)</td></tr>
</table>

Notes: 1. Directors who are not Audit and Supervisory Committee members Chiharu Baba, Mayumi Yamamoto, Shinichi Kawaratani, and Yuko Tsukasaki are Outside Directors.

2. Directors who are Audit and Supervisory Committee members Chiaki Katsumaru (Chiaki Ishikawa), Shigeru Suemori, and Osamu Hayakawa are Outside Directors.

2. Reasons for selecting the system

For the reasons stated below, by resolution of the 12th Ordinary General Meeting of Shareholders held on June 14, 2022, the Company has just transitioned from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee on July 1, 2022, aiming to further enhance corporate value by improving management soundness and transparency as well as prompting decision making.

(1) The "Audit and Supervisory Committee" composed of "Directors who are Audit and Supervisory Committee members" having voting rights of the Board of Directors, is in charge of the audit of business execution by Directors, strives to enhance the governance system and internal audit system that are based on the philosophy of three lines of defense, and strengthen the cooperation between the Audit and Supervisory Committee and the Internal Audit Department thus enhancing the corporate governance.

(2) The "Directors who are Audit and Supervisory Committee members" are members, as Directors, having voting rights of the Board of Directors. This brings thus enhancing for improved management supervision function on the management in general.

(3) The "Directors who are Audit and Supervisory Committee members" are granted the right to express opinions concerning selection/dismissal and remuneration of Directors in the General Meeting of Shareholders, in accordance with Article 342-2, Paragraph 4 and Article 361, Paragraph 6 of the Companies Act. This means that the supervisory function is more enhanced also in terms of the Companies Act compared with a company with a Board of Corporate Auditors.

(4) As per Article 399-13, Paragraph 6 of the Companies Act, Articles of Incorporation may specify that it is possible to delegate determination of important business execution to a director based on a resolution of the Board of Directors. Keeping firmly in mind the status of business operation and governance functioning of the new consolidated company after the merger of the three companies, flexible operation will be made available in accordance with a resolution of the Board of Directors.

3) Other matters concerning corporate governance

1. System to ensure that the execution of duties of Directors and employees complies with laws and regulations and the Articles of Incorporation, and other systems to ensure the appropriateness of the business of the Company and the business of the corporate group consisting of the Company and its subsidiaries

Details of the resolution of the Board of Directors as a system to ensure the appropriateness of business by the Company are as follows, and the Company is continuously making efforts to improve and enhance the operation of the Company.

(1) System to ensure that the execution of duties by Directors and employees of a corporate group consisting of the Company and its subsidiaries (hereinafter referred to as the "corporate group") complies with laws and regulations and the Articles of Incorporation.

(A) The Company has established action guidelines as a code of conduct that regulates the officers and employees of the entire corporate group, disseminates the action guidelines to all officers and employees of the corporate group and regulates their conduct.

Regarding Directors, the “Rules on the Board of Directors” ensure proper management, of the Board of Directors, smooth communications, and monitor mutual business execution. Concerning important matters, it is intended to prevent a possible violation of laws and regulations and the Articles of Incorporation and enhance supervision of management functions by receiving opinions or advice from external experts (such as lawyers).

When a director has found a fact of conduct by another director that is suspected to constitute a violation of laws and regulations and the Articles of Incorporation, he/she shall promptly report it to the Board of Directors and the Audit and Supervisory Committee to prevent or correct a possible violation.

(B) In the MIRAIT ONE Group: Charter on Safety and Compliance, etc., the Company shall strive to eliminate any relationship with antisocial forces by decidedly confronting antisocial forces and behaving with a resolute attitude.

(C) Under the ESG Management Promotion Committee chaired by the President and CEO, the Compliance Executive Committee chaired by the officer of the Company responsible for compliance is established. Each company of the corporate group arranges promotion staff in an effort to permeate, maintain and establish compliance awareness.

(D) For the purpose of ensuring the reliability of financial reports, the Company shall build an appropriate internal control system by observing the Financial Instruments and Exchange Act and related laws and regulations to maintain, evaluate and correct the financial reports.

(E) Each company in the corporate group shall establish a helpline (declaration/consultation contact) and make efforts to maintain and operate appropriate information transmission, in order to foster a more open corporate culture.

(F) With an intent to enhance the monitoring of effectiveness evaluation related to the establishment and operation status of the legal compliance system, the Internal Audit Department shall be expanded and appropriate audit work shall be in practice. The evaluation results shall be reported to the Board of Directors and the Audit and Supervisory Committee.

(2) System to store and manage information related to the execution of duties of Directors

(A) Storage and management of information related to the execution of duties of Directors shall primarily contribute to proper and efficient business operations, and the following measures shall be taken.

(a) Establishing “Document Handling Rules”, and the like, which stipulate necessary matters regarding storage and management of documents (including electromagnetic records; hereinafter referred to as “documents”) and other information.

(b) The storage (retention) period of documents shall be specified for each type of document in the “Document Handling Rules” unless otherwise specified by laws and regulations.

(B) When a director has requested browsing of a document or the like, the document or the like shall be submitted without delay.

(3) Rules and other systems related to management of a risk of loss

(A) Basic risk management items shall be specified, and “Risk Management Rules” shall be established for proper and efficient business operations.

(B) Under the ESG Management Promotion Committee chaired by the President and CEO, the Risk Management Executive Committee chaired by the officer of the Company responsible for compliance is established to ensure the effectiveness of the risk management system.

(C) The audit department conducts monitoring of validity evaluation of the maintenance and operation of the risk management system and the like. The evaluation results shall be reported to the Board of Directors and the Audit and Supervisory Committee.

(4) System to ensure efficient execution of duties of Directors

(A) The Board of Director is held regularly once a month in principle. On top of the matters stipulated by laws and regulations or the Articles of Incorporation, deliberation of importance matters related to management shall be determined and reported in accordance with relevant laws and regulations, principle of management decisions, and duty of care of a good manager.

(B) For commissioning of business to Directors, thorough organizational management by appropriate responsibility sharing, and efficient business operations are being targeted based on internal rules such as the “Organization/Business Allocation Rules” that define the organizational structure and scope of business and the “Responsibility Rules” that define responsibilities and authorities.

(C) The duties of outside Directors who are independent, and the like, are arranged to be executed efficiently at the Board of Directors, and the monitoring function for the execution of duties of other Directors is enhanced.

(5) System to ensure the appropriateness of business in the corporate group

The Company carries out transactions between companies of the corporate group in accordance with laws and regulations, and further takes the following measures in order for the corporate group to properly operate the business and contribute to its growth and development:

(a) Establishing a system to report, to the Company, matters related to the execution of duties of Directors of subsidiaries or the like.

(b) Establishing a system to manage the risk of loss of a subsidiary and a system to contact the Company in the event of a risk.

(c) Establishing a system to ensure efficient execution of duties of Directors of subsidiaries or the like.

(d) Establishing a system to ensure that the execution of duties of Directors or the like and employees of subsidiaries complies with laws and regulations and the Articles of Incorporation.

(6) Matters related to employees who are responsible for assisting the duties of the Audit and Supervisory Committee

As an organization to assist the duties of the Audit and Supervisory Committee, the Audit and Supervisory Committee Office with dedicated staff is established and employees are arranged.

(7) Matters related to the independence of employees stipulated in the preceding item from the Directors (excluding Directors who are Audit and Supervisory Committee members)

Personnel appraisal and transfer, etc. of the employees stipulated in the preceding item are conducted by asking for the opinion of the Audit and Supervisory Committee in advance and based on the consent of the committee.

(8) Matters related to securement of effectiveness of instructions to the employees stipulated in the preceding item (6)

The employees who belong to the Audit and Supervisory Committee Office shall be under command and instructions of the Audit and Supervisory Committee.

(9) System for the Directors and employees of the Company to report to Audit and Supervisory Committee

(A) The Directors and employees of the Company shall promptly report to the Audit and Supervisory Committee each time they have grasped a fact regarding important matters that may influence the business or business performance of the corporate group and matters stipulated by laws and regulations.

(B) Regardless of (A) above, Audit and Supervisory Committee may request reports from Directors or the like at any time as appropriate.

(10) System with which any person who has received a report from a director, a corporate auditor or an employee of a subsidiary reports to the Audit and Supervisory Committee of the Company.

(A) A director, a corporate auditor or an employee of a subsidiary or those who have received a report from any of these persons shall promptly report to the Audit and Supervisory Committee of the Company each time they have grasped the fact regarding important matters that may influence the business or business performance of each company and matters stipulated by laws and regulations.

(B) Regardless of (A) above, Audit and Supervisory Committee of the Company may request a report from the Directors of a subsidiary at any time as appropriate.

(11) System to ensure that the person who has submitted a report described in item (9) or (10) is not treated unfairly because of the report.

Ensure that the person who has submitted a report described in item (9) or (10) is not be treated unfairly because of the report.

(12) Procedures for prepayment or redemption of expenses incurred in the execution of duties by an Audit and Supervisory Committee member and other matters related to policies regarding the processing of expenses or debts incurred in the execution of such duties.

The Company will properly process payments for expenses and debts incurred in the execution of duties by an Audit and Supervisory Committee member.

(13) Other systems to ensure that an audit by an Audit and Supervisory Committee is conducted effectively

(A) The Audit and Supervisory Committee members selected by the Audit and Supervisory Committee browse major approval documents and other important documents related to business execution, and as appropriate, a director or the like responds promptly when requested to give explanations.

(B) The Audit and Supervisory Committee members selected by the Audit and Supervisory Committee attend major conferences except for the Board of Directors' meeting in order to grasp important decision-making processes and business execution status of the Company.

(C) The Audit and Supervisory Committee members selected by the Audit and Supervisory Committee exchanges opinions and information with the President and CEO, the Accounting Auditor, and the Internal Audit Department on a regular or on-demand basis to communicate with each other.

2. Operational Status of the System to Ensure the Business Appropriateness

The Company operates in accordance with the above systems, and the major efforts made in FY2022 are as follows:

(1) Status of efforts to ensure that the execution of duties complies with laws and regulations and the Articles of Incorporation

On July 1, 2022, the Group established the "MIRAIT ONE Group: Charter on Safety and Compliance" to coincide with its start as the MIRAIT ONE Group, and is working to raise compliance awareness through compliance training and various activities conducted by compliance promotion staff.

The "Compliance Executive Committee" deliberates on individual issues in the corporate group and manages the progress of compliance promotion activities. The "Compliance Executive Committee" is held twice in FY2022.

In addition, the Internal Audit Department carries out monitoring to confirm the effectiveness of compliance promotion activities.

(2) Status of efforts related to management of risk of loss

The Company has established, by way of the "Risk Management Rules", the basic policy and promotion system regarding risk management as a corporate group, and based on the risk management plan, responds appropriately to various risks.

The "Risk Management Executive Committee" deliberates on the status of risk management and individual issues in the corporate group. The "Risk Management Executive Committee" is held twice in FY2022.

Additionally, the effectiveness of risk management is confirmed by carrying out monitoring by the Internal Audit Department.

(3) Status of efforts to ensure efficient execution of duties of Directors

The Board of Directors is held once a month and as required based on the "Rules on the Board of Directors". The Board of Directors was held 22 times in FY2022.

The Board of Directors deliberates on all matters to be submitted to the same based on the internal rules, actively exchanges opinions on each concern, and reports on the status of execution of duties of Directors on a quarterly basis. Furthermore, the Company also conducts an effectiveness evaluation of the Board of Directors to improve its functions. In addition, based on the Corporate Governance Code, the Company has established a voluntary advisory committee, the Nomination and Compensation Committee, under the Board of Directors in order to improve the objectivity regarding nomination and remuneration. In FY2022, the Committee was held 10 times.

Independent outside Directors hold regular meetings with the CEO to enhance the monitoring function for the execution of duties of Directors.

(4) Status of efforts to ensure the appropriateness of operations in the corporate group

According to the "Subsidiary Management Rules" and the like, the Company strives to establish a system to ensure the appropriateness of the business of the corporate group, and receives reports on its operational status.

The Company conducts monitoring by the Internal Audit Department.

The Company manages important projects that have a significant impact on the entire corporate group upon receipt of reports from a subsidiary and subsequent discussions. At the same time, necessary measures are taken as a corporate group.

Moreover, a whistleblowing system has been set up in the corporate group to directly grasp and take early action when any problem has occurred, and report the result to the "Compliance Executive Committee".

In fiscal 2022, our consolidated subsidiary SOLCOM Co., Ltd. received a cease and desist order from the Fair Trade Commission for violation of the antitrust law. SOLCOM submitted a report on measures to investigate the cause and implement measures to prevent recurrence, and received notification that the contents of the report had been approved, thus completing the implementation of the order. The MIRAIT ONE Group will continue its efforts to ensure compliance with laws and regulations, raise employee awareness, and strengthen its compliance system.

(5) Status of internal audit efforts

The Audit Department (Internal Audit Department) conducts internal audits of all organizations and subsidiaries of the corporate group and monitors the appropriateness of their operations in accordance with the internal audit plan approved by the Board of Directors. The results are reported to the Board of Directors, etc.

On July 1, 2022, in conjunction with its launch as the MIRAIT ONE Group, the Group established the Audit Department as an organization independent from the first and second lines, which dual-reports to the Board of Directors and Audit and Supervisory Committee and conducts internal audit operations based on the concept of third line defense.

(6) Status of efforts to ensure effective audits by the Audit and Supervisory Committee

In addition to inspecting important approval documents, etc., Audit and Supervisory Committee members attend the Group Presidents' Council, the Executive Committee and other important meetings to understand the important decision-making process and the status of business execution at the Company. In addition, the Audit and Supervisory Committee members communicate with Representative Directors, and accounting auditors through exchanges of opinions, thereby ensuring that the audits of the Audit and Supervisory Committee members are conducted effectively.

The Audit and Supervisory Committee Office, which has full-time staff, has been established as an organization to assist the duties of the Audit and Supervisory Committee, and three employees have been assigned to this office.

3. Outline of the details of the liability limitation contract

Based on Article 427, Paragraph 1 of the Companies Act, the Company has entered a contract that limits liability for damage between the Company and a director of the Company (excluding one who is an executive director, etc.).

The maximum amount of liability for damage that is based on the contract is the minimum liability limit stipulated in Article 425, Paragraph 1 of the Companies Act. The limitation of liability is permitted only when the director is in good faith and without gross negligence in performing the duties that have caused the liability.

4. Number of Directors

The Company stipulates in the Articles of Incorporation that the number of Directors of the Company (including one who is an Audit and Supervisory Committee member) shall be 21 or less, and that the number of Directors of the Company who are Audit and Supervisory Committee members shall be 5 or less.

5. Requirements for resolution to appoint Directors

The Company stipulates in the Articles of Incorporation that the appointment of Directors shall be made by the resolution of the General Meeting of Shareholders, differentiating between Directors who are Audit and Supervisory Board Members and other Directors, that shall be made with attendance of shareholders accounting for at least one-third of the voting rights of shareholders entitled to exercise voting rights and shall require a majority of such votes cast in favor, and that the resolution shall never be via cumulative voting.

6. Matters to be resolved at the General Meeting of Shareholders that can be resolved by the Board of Directors

The Company stipulates in the Articles of Incorporation that the following matters can be resolved by the Board of Directors among the matters to be resolved at the General Meeting of Shareholders:

・Based on the provisions of Article 165, Paragraph 2 of the Companies Act, regarding the acquisition of treasury stock, it is possible to acquire treasury stock through market transactions, etc. by a resolution of the Board of Directors. This aims to enable agile capital policy implementation in response to changing economic conditions.

・For the purpose of increasing opportunities for profit distribution to shareholders, an interim dividend can be paid every year with September 30 as record date by a resolution of the Board of Directors pursuant to the provisions of Article 454, Paragraph 5 of the Companies Act.

・In accordance with the provisions of Article 426, Paragraph 1 of the Companies Act, the Company shall exempt compensation responsibilities of Directors (including those who were Directors) for damages due to neglect of duties to the extent of laws and regulations.

・The Company may determine matters specified in the items of Article 459, paragraph (1) of the Companies Act such as timely payment of dividends of surplus by resolution of the Board of Directors.

・In accordance with the Act for Partially Amending the Industrial Competitiveness Enhancement Act and Other Related Acts (Law No. 70 of 2021), the Board of Directors may hold the General Meeting of Shareholders at a location not specified if the Board of Directors determines that it is not appropriate to hold the meeting at a specified location in light of the interests of shareholders due to the spread of infectious diseases or the occurrence of a natural disaster.

7. Special resolution requirements of the General Meeting of Shareholders

Regarding the special resolution requirements of the General Meeting of Shareholders stipulated in Article 309, Paragraph 2 of the Companies Act, the Company stipulates in the Articles of Incorporation that a special resolution of the General Meeting of Shareholders can be made with attendance of shareholders accounting for at least one third of the voting rights of the shareholders entitled to exercise voting rights, and with at least two-thirds of such votes cast in favor. This is intended to provide smooth operation of the General Meeting of Shareholders by relaxing the quorum of special resolutions at the General Meeting of Shareholders.

8. Related party transactions

The Company requires that competing transactions and transactions in conflict of interest by Directors are deliberated and resolved by the Board of Directors, and reports on the status of transactions are periodically made to the Board of Directors. The Board members are required to submit a Confirmation of Related Parties to ascertain whether there are any transactions with related parties such as the Board members themselves, their close relatives, organizations they represent and organizations in which they hold a majority of voting rights.

Pursuant to the internal rules, approvers confirm whether transactions with major shareholders are appropriate so as to ensure the common interests of the company and shareholders are not harmed, and report transactions of particular importance to the Board of Directors.

(4) Status of activities of the Board of Directors

The Board of Directors is held once a month and as required based on the “Rules on the Board of Directors”. The Board of Directors deliberates on all matters to be submitted to the same based on the internal rules, actively exchanges opinions on each concern, and reports on the status of execution of duties of Directors on a quarterly basis. Furthermore, the Company also conducts an effectiveness evaluation of the Board of Directors to improve its functions.

Status of major activities in the fiscal year ended March 31, 2023 is as follows:

(1) Composition of Officers of the Board of Directors

Position	Name	Attendance at meetings
Representative Director, President and CEO	Toshiki Nakayama	100% (22/22)
Representative Director	Yasushi Totake	100% (22/22)
Director	Masayuki Takahashi	100% (13/13) Note 4
Director	Tatsumi Miyazaki	100% (13/13) Note 4
Director	Masakazu Tsukamoto	100% (22/22)
Director	Yoichiro Takaya	100% (13/13) Note 4
Director	Hiroshi Wakimoto	100% (13/13) Note 4
Director	Katsuhiko Igarashi	100% (22/22)
Director	Hiroki Ohashi	100% (13/13) Note 4
Director	Yasuhiro Takagi	100% (13/13) Note 4
Director	Chiharu Baba	100% (22/22)
Director	Mayumi Yamamoto	100% (22/22)
Director	Shinichi Kawaratani	100% (22/22)
Director	Yuko Tsukasaki	100% (13/13) Note 4
Director (Audit and Supervisory Committee Member)	Yasuhiro Yamamoto	100% (22/22)
Director (Audit and Supervisory Committee Member)	Koji Aoyama	100% (22/22)
Director (Audit and Supervisory Committee Member)	Hiroshi Seki	100% (22/22)
Director (Audit and Supervisory Committee Member)	Chiaki Katsumaru (Chiaki Ishikawa)	100% (22/22)
Director (Audit and Supervisory Committee Member)	Shigeru Suemori	85% (11/13) Note 5
Director	Masatoshi Suzuki	80% (4/5) Note 2
Director	Toshiyuki Hirabara	100% (5/5) Note 2
Corporate Auditor	Manabu Kiriyama	100% (9/9) Note 3
Corporate Auditor	Masayoshi Hosokawa	89% (8/9) Note 3

Notes:
1. The Company transitioned to a company with an Audit and Supervisory Committee as of July 1, 2022.
2. As term of office for Directors Masatoshi Suzuki and Toshiyuki Hirabara were expired upon the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2022, the above describes the status of attendance at meetings of the Board of Directors held during their term of office.
3. Since Corporate Auditors Manabu Kiriyama and Masayoshi Hosokawa resigned as of June 30, 2022, the above describes the status of attendance at meetings of the Board of Directors held during their term of office.
4. As Directors Masayuki Takahashi, Tatsumi Miyazaki, Yoichiro Takaya, Hiroshi Wakimoto, Hiroki Ohashi, Yasuhiro Takagi and Yuko Tsukasaki were newly appointed as Directors as of July 1, 2022 at the 12th Ordinary General Meeting of Shareholders held on June 14, 2022, the above describes the status of attendance at meetings of the Board of Directors held after their appointment as Directors.
5. As Director Shigeru Suemori who is an Audit and Supervisory Committee member was newly appointed as Director as of July 1, 2022 at the 12th Ordinary General Meeting of Shareholders held on June 14, 2022, the above describes the status of attendance at meetings of the Board of Directors held after his appointment as Director.

(2) Status of implementation and details of major deliberations for the fiscal year ended March 31, 2023

The number of meetings of the Board of Directors held during the fiscal year ended March 31, 2023 was 22. Matters discussed include important matters such as sales strategies, etc. as the operating company in line with launch of the newly merged company in July 2022, matters regarding business growth strategies and medium- to long-term strategies of the Company and the Group, matters regarding reconstruction and effective management policies of risk management structure of entire group such as internal control and internal audit, etc., status of IR activities, and shareholder return (repurchase of treasury shares and dividend), etc.

(5) Status of activities of Nomination and Compensation Committee

The Company has established the Nomination and Compensation Committee comprising five members including four independent outside Directors and the President and CEO, as a voluntary advisory committee under the Board of Directors, aiming to improve the independent objective perspective and the transparency in order to improve the objectivity regarding nomination and remuneration of Directors. The majority of the committee members are independent outside Directors and chairperson has been elected from independent outside Directors through the mutual election, so that the committee is fully independent.

The committee receives inquiries as to matters related to proposals of the general meeting of shareholders for the appointment and dismissal of Directors, matters related to the executive compensation system, and the like. The committee deliberates on the appropriateness of the content and submits a report for discussions of the proposal at the Board of Directors, which resolves the above matters based on the report.

Status of activities, etc. in the fiscal year ended March 31, 2023 is as follows:

(1) Composition of Nomination and Compensation Committee

Position		Name	Attendance at meetings
Chairperson	Outside Director	Chiharu Baba	100% (10/10)
Member	Outside Director	Mayumi Yamamoto	100% (10/10)
Member	Outside Director	Shinichi Kawaratani	100% (10/10)
Member	Outside Director	Yuko Tsukasaki	100% (6/6) Note
Member	Representative Director, President and CEO	Toshiki Nakayama	100% (10/10)

Note: The number of meetings of committee held after the appointment of Yuko Tsukasaki as outside director was six.

(2) Status of implementation in the fiscal year ended March 31, 2023

The number of meetings of Nomination and Compensation Committee held during the fiscal year ended March 31, 2023 was ten. Each committee member has a high level of expertise and experience, and the Company had secured and implemented a system for strengthening the supervisory function and advice, such as opinions based on their carriers, from the viewpoint of improving the medium-to-long-term corporate value.

(3) Major details of deliberation

In the fiscal year ended March 31, 2023, as we transitioned to a company with an Audit and Supervisory Committee, the committee has discussed the ideal ways for the Board of Directors to serve, its directions and composition of Directors based on them, etc., enhanced the review by giving considerations such as creating opportunities for candidates and each committee member to interact with each other for the review on nomination and deliberated on the appointment of candidates for Directors. Regarding the remuneration system and remuneration level of Directors, the committee has deliberated on the decision-making process of the remuneration and issues in the Company's officer remuneration.

(2) Directors and other officers

1) List of Directors and other officers

Male: 16, Female: 3 (Ratio of female officers: 16%)

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (Hundred shares)
Representative Director, President and Chief Executive Officer	Toshiki Nakayama	January 29, 1958	June 2012 July 2013 June 2014 June 2015 June 2016 June 2018 June 2020 June 2021 Apr. 2022 July 2022	Senior Vice President, General Manager of Frontier Services Department, NTT DOCOMO, INC. Senior Vice President, General Manager of Smart-life Solutions Department, NTT DOCOMO, INC. Executive Vice President, Executive General Manager of Smart-life Business Division, General Manager of Smart-life Solutions Department, NTT DOCOMO, INC. Executive Vice President, Executive General Manager of Smart-life Business Division, NTT DOCOMO, INC. Senior Executive Vice President, NTT DOCOMO, INC. President and Chief Executive Officer, MIRAIT Corporation (presently the Company) Senior Executive Vice President, MIRAIT Holdings Corporation (presently the Company) President, MIRAIT Holdings Corporation (presently the Company) President, General Manager of The Group Formation Preparation Office, MIRAIT Holdings Corporation (presently the Company) President, General Manager of The Group Formation Preparation Office, General Manager of The Organization Formation Preparation Office, MIRAIT Holdings Corporation (presently the Company) Representative Director, President and Chief Executive Officer, MIRAIT ONE Corporation (to present)	(Notes 2)	177
Representative Director, Senior Managing Executive Officer	Yasushi Totake	June 29, 1961	June 2014 June 2017 June 2018 June 2019 June 2020 June 2021 Apr. 2022 July 2022 June 2023	Senior Vice President, General Manager of the Service Management Department, Plant Headquarters, Nippon Telegraph and Telephone West Corporation Senior Vice President and General Manager of the Network Department, Plant Headquarters, Nippon Telegraph and Telephone West Corporation Executive Vice President and General Manager of the Network Department, Plant Headquarters, Nippon Telegraph and Telephone West Corporation Director, MIRAIT Corporation (presently the Company) Director, MIRAIT Technologies Corporation (presently the Company) Director, Managing Executive Officer, General Manager of Emerging Business Office, MIRAIT Holdings Corporation (presently the Company) President, MIRAIT Technologies Corporation (presently the Company) Director, MIRAIT Holdings Corporation (presently the Company) Director, Assistant Manager of The Group Formation Preparation Office, MIRAIT Holdings Corporation (presently the Company) Director, Assistant Manager of The Group Formation Preparation Office, Manager of Carrier West Company Establishment Preparation Group, The Organization Formation Preparation Office, MIRAIT Holdings Corporation (presently the Company) Representative Director, Senior Managing Executive Officer, MIRAIT ONE Corporation General Manager, Chief of Business Structure Reform Promotion Office, Carrier Business West Company Representative Director, Senior Managing Executive Officer, MIRAIT ONE Corporation General Manager of the Carrier Business West Company (to present)	(Notes 2)	91

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (Hundred shares)
Director, Senior Managing Executive Officer	Masayuki Takahashi	January 29, 1960	June 2012	Director and General Manager of the Maintenance and Service Operation Department, Network Business Headquarters, Nippon Telegraph and Telephone East Corporation	(Notes 2)	130
			June 2015	Director, Managing Executive Officer, General Manager of Safety and Quality Management Division, MIRAIT Corporation (presently the Company)		
			June 2017	Senior Managing Executive Officer, MIRAIT Corporation (presently the Company)		
			June 2020	Senior Managing Executive Officer, Managing Director of NTT Business Headquarters, Managing Director West Japan Headquarters, MIRAIT Corporation (presently the Company)		
			June 2021	Senior Managing Executive Officer, Managing Director West Japan Headquarters, MIRAIT Corporation (presently the Company)		
			June 2022	Senor Managing Executive Officer, Manager of Carrier East Company Establishment Preparation Group, The Organization Formation Preparation Office, MIRAIT Holdings Corporation (presently the Company)		
			July 2022	Director, Senior Managing Executive Officer, MIRAIT ONE Corporation, General Manager, Carrier Business East Company (to present)		
Director, Senior Managing Executive Officer	Tatsumi Miyazaki	January 12, 1962	July 2006	Executive Officer and General Manager of Solution Promotion Department, Solution Business Headquarters, Nippon Telegraph and Telephone West Corporation	(Notes 2)	67
			July 2017	Executive Officer, General Manager of Tokyo Branch and Assistant General Manager of Solution Business Headquarters, MIRAIT Technologies Corporation (presently the Company)		
			June 2018	Managing Executive Officer, General Manager of Tokyo Branch, Assistant General Manager of Solution Business Headquarters and General Manager of East Japan Business Unit, MIRAIT Technologies Corporation (presently the Company)		
			June 2019	Director, Managing Executive Officer, General Manager of Tokyo Branch, Assistant General Manager of Solution Business Headquarters and General Manager of East Japan Business Unit, MIRAIT Technologies Corporation (presently the Company)		
			June 2020	Director, Senior Managing Executive Officer, General Manager of Solutions Business Promotion Headquarters, MIRAIT Technologies Corporation (presently the Company)		
			Apr. 2022	Senior Executive Vice President, Manager of Solution Company Establishment Preparation Group, The Organization Formation Preparation Office and Manager of Future Business Promotion Headquarters Establishment Preparation Group, MIRAIT Holdings Corporation (presently the Company)		
			July 2022	Director, Senior Managing Executive Officer, Co-Head of Solutions Business Company, MIRAIT ONE Corporation		
			Jan. 2023	Director, Senior Managing Executive Officer, Co-Head of Solutions Business Company General Manager of Frontier Business Division, MIRAIT ONE Corporation (to present)		

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (Hundred shares)
Director, Managing Executive Officer	Yoichiro Takaya	November 11, 1964	June 2012 June 2015 June 2017 June 2019 June 2020 Apr. 2022 July 2022	Vice President, Strategic Business Development Division, Nippon Telegraph and Telephone Corporation General Manager of Fifth Sales Division, NTT Communications Corporation Senior Vice President and General Manager of Fifth Sales Division, NTT Communications Corporation Senior Vice President and General Manager of Third Sales Division, NTT Communications Corporation Director, Managing Executive Officer, General Manager of Solution Business Unit and General Manager of Tohoku Reconstruction Support Office, MIRAIT Corporation (presently the Company) Executive Vice President, Manager of Solution Company Establishment Preparation Group, The Organization Formation Preparation Office, MIRAIT Holdings Corporation (presently the Company) Director, Managing Executive Officer, Co-Head of Solutions Business Company, MIRAIT ONE Corporation (to present)	(Notes 2)	30
Director, Managing Executive Officer	Hiroshi Wakimoto	March 18, 1964	June 2012 July 2015 Feb. 2016 July 2016 June 2020 June 2021 Apr. 2022 July 2022	General Manager of Planning and Coordination Office, NTT DOCOMO, INC. Director, mmbi, Inc. (currently NTT DOCOMO, INC.) President, mmbi, Inc. General Manager of Platform Business Promotion Department, NTT DOCOMO, INC. Executive Officer, General Manager of Corporate Planning Department and Strategy Department, MIRAIT Corporation (presently the Company) Executive Officer, General Manager of West Japan Branch, MIRAIT Corporation (presently the Company) Managing Executive Officer, General Manager of Kansai Branch, MIRAIT Corporation (presently the Company) Executive Vice President, Manager of Staff Organization Establishment Preparation Group, The Organization Formation Preparation Office, MIRAIT Holdings Corporation (presently the Company) Director, Managing Executive Officer, General Manager of General Affairs and Human Resources, MIRAIT ONE Corporation (to present)	(Notes 2)	61
Director, Managing Executive Officer	Takaaki Mitsuya	November 15, 1964	July 2012 July 2015 July 2017 June 2019 July 2022 June 2023	General Manager of Accounting & Finance Department, Nippon Telegraph and Telephone West Corporation General Manager of Shikoku Regional Headquarters and General Manager of Ehime Branch, Nippon Telegraph and Telephone West Corporation Executive Managing Director, Accounting Manager of Corporate Planning Department, MIRAIT Corporation (presently the Company) Managing Executive Officer, Accounting Manager of Corporate Planning Department, MIRAIT Corporation (presently the Company) Managing Executive Officer, General Manager responsible for Accounting & Finance Department, MIRAIT Holdings Corporation (presently the Company), Director, Shikokutsuken Co., Ltd. Managing Executive Officer, Vice General Manager of Finance and Accounting Division, MIRAIT ONE Corporation Director, Managing Executive Officer, CFO, MIRAIT ONE Corporation (to present)	(Notes 2)	45

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (Hundred shares)
Director	Katsuhiko Igarashi	May 1, 1959	June 2012	General Manager of Miyagi Branch and General Manager of Tohoku Reconstruction Office, Nippon Telegraph and Telephone East Corporation	(Notes 2)	166
			July 2014	Executive Officer and General Manager of NTT Business Unit, MIRAIT Corporation (presently the Company)		
			Oct. 2014	Executive Officer, General Manager of NTT Business Unit and General Manager of Tohoku Reconstruction Support Office, MIRAIT Corporation (presently the Company)		
			June 2015	Director, M’s Frontier Corporation		
			June 2017	Director, Managing Executive Officer, General Manager of NTT Business Headquarters and General Manager of Tohoku Reconstruction Management Department, MIRAIT Corporation (presently the Company)		
			June 2020	President, TTK Co., Ltd. (to present)		
				Director, MIRAIT Holdings Corporation (presently the Company) (to present)		
Director	Hiroki Ohashi	May 9, 1962	June 2013	General Manager of Shikoku Regional Headquarters and General Manager of Ehime Branch, Nippon Telegraph and Telephone West Corporation	(Notes 2)	81
			July 2015	Assistant General Manager of NTT Business Headquarters, SOLCOM CO., Ltd.		
			Mar. 2016	Executive Vice President, General Manager of NTT Business Headquarters, SOLCOM CO., Ltd.		
			June 2021	Executive Vice President, Assistant General Manager of Corporate Strategy Division, Assistant Manager of Secretariat of The Group Formation Preparation Office, MIRAIT Holdings Corporation (presently the Company)		
			June 2022	Representative Director and President, SOLCOM CO., Ltd. (to present)		
			July 2022	Director, MIRAIT ONE Corporation (to present)		
Director	Yasuhiro Takagi	May 31, 1964	July 2014	General Manager of Personnel Department, Nippon Telegraph and Telephone West Corporation	(Notes 2)	77
				Director, General Manager of Facilities Department, NTT Home Techno Corporation (presently NTT FIELDTECHNO CORPORATION)		
			July 2017	Executive Officer and Assistant General Manager of Solution Business Headquarters, MIRAIT Technologies Corporation (presently the Company)		
			June 2019	Vice President, Shikokutsuken Co., Ltd.		
			June 2020	President, Shikokutsuken Co., Ltd. (to present)		
			July 2022	Director, MIRAIT ONE Corporation (to present)		
Outside Director	Chiharu Baba	November 15, 1950	Apr. 2005	Deputy President (Representative Director), Mizuho Trust & Banking Co., Ltd.	(Notes 2)	5
			June 2007	Full-time Corporate Auditor, Japan Energy Corporation (currently ENEOS Corporation)		
			June 2012	Full-time Corporate Auditor, JX Nippon Mining & Metals Corporation		
			June 2015	Outside Director, Saitama Resona Bank, Limited		
				Outside Corporate Auditor, Tohoku Electric Power Co., Inc.		
			June 2017	Outside Director, Member of Audit Committee, Resona Holdings, Inc.		
			June 2018	Director, MIRAIT Holdings Corporation (presently the Company) (to present)		
				Outside Director, Member of Audit and Supervisory Committee, Tohoku Electric Power Co., Inc.		
			June 2020	Outside Director, Chairman of Audit Committee, Resona Holdings, Inc.		
			Jan. 2022	Outside Director, Chairperson of Audit Committee, Member of Compensation Committee, Resona Holdings, Inc.		
			June 2023	Outside Director, Chairperson of Compensation Committee, Resona Holdings, Inc. (to present)		

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (Hundred shares)
Outside Director	Mayumi Yamamoto	February 11, 1956	Apr. 1984 Dec. 2010 Jan. 2019 June 2019 June 2020 Apr. 2021 June 2021	Registered as attorney at law Public Interest Member of the Central Labour Relations Commission Member of the Financial System Council, Financial Services Agency (to present) External Audit & Supervisory Board Member, Morinaga Milk Industry Co., Ltd. (to present) Director, MIRAIT Holdings Corporation (presently the Company) (to present) Member of the Labor Policy Council, Ministry of Health, Labour and Welfare (to present) Outside Director, JCU Corporation (to present)	(Notes 2)	2
Outside Director	Shinichi Kawaratani	June 26, 1955	Nov. 1988 Oct. 1997 Nov. 1999 Apr. 2007 Apr. 2011 Jan. 2014 June 2021	President, Atlux Corporation (currently NOC Outsourcing & Consulting Inc.) General Manager of Information and Communications Division, New York Office, Nissho Iwai American Corporation (currently Sojitz Corporation of America) CEO, Entrepia Ventures, Inc. Assistant General Manager of Industrial Information Group, Sojitz Corporation Representative Director and President, Nissho Electronics Corporation Representative Director, VistaNet, Inc. (to present) Director, MIRAIT Holdings Corporation (presently the Company) (to present)	(Notes 2)	11
Outside Director	Yuko Tsukasaki	April 17, 1961	Aug. 2007 Aug. 2009 July 2010 July 2011 Apr. 2012 Apr. 2015 Apr. 2016 Sep. 2018 Apr. 2020 July 2022	Director, Gender Equality Promotion Division, Gender Equality Bureau, Cabinet Office Counselor for Policy Evaluation, Ministry of Health, Labour and Welfare Manager of Family Balance Department, Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare Counselor, National Public Service Ethics Board, National Personnel Authority Director, Life Planning Division, Remuneration Bureau, National Personnel Authority Director, General Affairs Division, Secretariat of the National Personnel Authority Professor, Chiiki Koso Kenkyujo, Taisho University (to present) Professor, Department of Regional Development, Taisho University Professor, Department of Public Policy, Faculty of Social Coexistence, Taisho University (to present) Director, MIRAIT ONE Corporation (to present)	(Notes 2)	5
Director, Audit and Supervisory Committee Member	Yasuhiro Yamamoto	January 9, 1959	June 2012 July 2013 June 2016 June 2020 Apr. 2022 July 2022	Director, Assistant General Manager of Corporate Business Promotion Headquarters and General Manager of Private Sector Sales Division, Nippon Telegraph and Telephone East Corporation Director, Assistant General Manager of Corporate Sales Promotion Headquarters and General Manager of Private Sector Sales Division, Nippon Telegraph and Telephone East Corporation Director, Managing Executive Officer, General Manager of Corporate Affairs Department, General Manager of M's Brain Center General Affairs Division, MIRAIT Holdings Corporation (presently the Company) Director, Managing Executive Officer, General Manager of Compliance Promotion Department, MIRAIT Corporation (presently the Company) Director, Managing Executive Officer, General Manager of Corporate Affairs Department, General Manager of M's Brain Center General Affairs Division, The Organization Formation Preparation Office, MIRAIT Holdings Corporation (presently the Company) Director, Audit and Supervisory Committee Member, MIRAIT ONE Corporation (to present)	(Notes 3)	201

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (Hundred shares)
Director, Audit and Supervisory Committee Member	Koji Aoyama	January 10, 1959	June 2013	Senior Vice President and General Manager of Tohoku Branch, NTT DOCOMO, INC.	(Notes 3)	161
			June 2016	Managing Executive Officer and Assistant General Manager of Solution Business Headquarters, MIRAIT Corporation (presently the Company)		
			June 2017	Director, Managing Executive Officer, General Manager of Solution Business Headquarters and General Manager of Tohoku Reconstruction Management Department, MIRAIT Corporation (presently the Company)		
			June 2020	Director, Managing Executive Officer, General Manager of Corporate Strategy Division, MIRAIT Holdings Corporation (presently the Company)		
			July 2020	Director, Managing Executive Officer, General Manager of Solutions Business Promotion Department, MIRAIT Corporation (presently the Company)		
			June 2021	Director, Managing Executive Officer, General Manager of Corporate Strategy Division, Manager of Secretariat of The Group Formation Preparation Office, MIRAIT Holdings Corporation (presently the Company)		
			Apr. 2022	Director, Managing Executive Officer, General Manager of Corporate Strategy Division, Manager of Secretariat of The Group Formation Preparation Office, The Organization Formation Preparation Office, MIRAIT Holdings Corporation (presently the Company)		
			July 2022	Director, Audit and Supervisory Committee Member, MIRAIT ONE Corporation (to present)		
Outside Director, Audit and Supervisory Committee Member	Chiaki Katsumaru (Chiaki Ishikawa)	August 4, 1960	Mar. 1986	Registered as Certified Public Accountant	(Notes 3)	20
			Nov. 2002	Outside Corporate Auditor, Anabuki Kosan Inc. (to present)		
			Feb. 2006	Joined Certified Tax Accountant Firm Ishikawa Office Accounting (to present)		
			June 2018	Corporate Auditor, MIRAIT Holdings Corporation (presently the Company)		
			July 2022	Director, Audit and Supervisory Committee Member, MIRAIT ONE Corporation (to present)		
			Apr. 2023	The Information Disclosure and Personal Information Protection Review Board member (to present)		
Outside Director, Audit and Supervisory Committee Member	Shigeru Suemori	May 22, 1961	Nov. 2005	Sumitomo Electric Fiber Optic (Shenzhen), Ltd.	(Notes 3)	–
			Aug. 2009	Manager of Overseas Promotion Office, Optical Communications Business Unit, Sumitomo Electric Industries, Ltd.		
			Jan. 2010	Vice President, Sumitomo Electric Fiber Optic (Shenzhen), Ltd.		
			Feb. 2012	President, Hangzhou SEI-Futong Optical Fiber Co., Ltd.		
			Nov. 2013	General Manager of Cable Manufacturing Department, Optical Communications Business Unit, Sumitomo Electric Industries, Ltd.		
			July 2015	General Manager of Optical Communications Business Unit, Sumitomo Electric Industries, Ltd.		
			July 2016	General Manager of Optical Communications Business Unit, Sumitomo Electric Industries, Ltd. President, Kiyohara Sumiden, Ltd.		
			June 2019	Executive Officer, Assistant General Manager of Information and Communications Headquarters and General Manager of Optical Communications Business Unit, Sumitomo Electric Industries, Ltd.		
			June 2020	Managing Executive Officer, General Manager of Information and Communications Headquarters, Sumitomo Electric Industries, Ltd. (to present) Outside Director, MIRAIT Technologies Corporation (presently the Company)		
			July 2022	Director, Audit and Supervisory Committee Member, MIRAIT ONE Corporation (to present)		

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (Hundred shares)
Outside Director, Audit and Supervisory Committee Member	Osamu Hayakawa	December 24, 1963	Apr. 1987 Jan. 1999 Aug. 2000 Apr. 2005 Apr. 2008 Aug. 2011 Nov. 2011 Aug. 2012 Aug. 2014 Aug. 2016 July 2018 Aug. 2020 Feb. 2021 May 2021 June 2023	Employed by Metropolitan Police Department Chief of Meguro Police Station, Metropolitan Police Department Director of Police Administration of Saga Prefectural Police Director of Transportation General Affairs Division, Transportation Department of Metropolitan Police Department Counselor of Cabinet Intelligence and Research Office, Cabinet Secretariat Chief of Aomori Prefectural Police Headquarters Director of Community Education of National Police Academy Counselor, Secretariat of Government Revitalization Unit, Cabinet Office Director of Traffic Planning Division, Traffic Bureau of Metropolitan Police Department Deputy Director-General, Road Transport Bureau, Ministry of Land, Infrastructure, Transport and Tourism Chief of Chiba Prefectural Police Headquarters Chief of Kanto Regional Police Bureau Resignation from Metropolitan Police Department Advisor of Lawson, Inc. (to present) Director, Audit and Supervisory Committee Member, MIRAIT ONE Corporation (to present)	Note 4	–
Total						1,338

Notes: 1. Directors Chiharu Baba, Mayumi Yamamoto, Shinichi Kawaratani, Yuko Tsukasaki, Chiaki Katsumaru (Chiaki Ishikawa), Shigeru Suemori and Osamu Hayakawa are Outside Directors.

2. The term of office of Directors is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2023 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2024.
3. The term of office of Directors who are Audit and Supervisory Committee members is from July 1, 2022 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2024.
4. The term of office of Directors who are Audit and Supervisory Committee members is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2023 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2024.
5. The Company adopts an executive officer system for the purpose of speeding up decision-making and business execution.
6. The Company has elected two Directors who are Audit and Supervisory Committee members Yasuhiro Yamamoto and Koji Aoyama as full-time Audit and Supervisory Committee members in order to enhance the effectiveness of the monitoring and supervisory functions by regularly conducting the followings: the attendance at the important meetings such as Group Presidents' Council and Executive Committee, hearings on the status of business execution from business execution divisions, close cooperation with the Audit Department which is the Internal Audit Department, onsite audits to business offices within the Company and its subsidiaries, and inspection of important approval documents, etc.
7. The Company has elected one substitute Director who is an Audit and Supervisory Committee member as prescribed in Article 329, Paragraph 3 of the Companies Act in preparation for the possibility of the number of Directors who are Audit and Supervisory Committee members falling below the number prescribed in laws and regulations. The career summary of the substitute Director who is an Audit and Supervisory Committee member is as follows:

Name	Date of birth	Career summary		Number of shares held (Hundred shares)
Hideyuki Konno	August 2, 1954	July 2012 Sept. 2013 Aug. 2016 June 2018	Deputy Director of Bureau of Environment Senior Managing Director, Tokyotoshokuin Credit Cooperative President, TOKYO AID CENTER Co., Ltd. Corporate Auditor, MIRAIT Corporation (presently the Company)	–

Note: The term of office of Directors elected as substitutes of Directors who are Audit and Supervisory Committee members who retired before the expiration of the term of their office is until the expiration of the term of office of the retired Directors who are Audit and Supervisory Committee members.

2) Outside Directors

Outside Directors are nominated based on their ability to fulfill their roles and responsibilities from an expert and objective perspective, such as having abundant experience and knowledge in their respective fields, and providing advice and supervision from the perspective of medium- to long-term enhancement of corporate value. Moreover, Outside Directors who are Audit and Supervisory Committee members are nominated based on their ability to increase transparency of the Board of Directors and enhance corporate value by appropriately monitoring the state of compliance with laws, regulations and the Articles of Incorporation regarding management decisions and execution of duties by Directors from an independent and objective standpoint with abundant experience and knowledge in their respective fields.

The Company has stipulated the following standard for determining independence of Outside Directors in the Company, and an Outside Director (including candidates therefor; the same applies below) is deemed to lack adequate independence if any of the following items apply.

<Standard for Determining Independence>

1. A person originally from the Company or a consolidated subsidiary of the Company (hereinafter referred to as “the Group”) (Note 1)
2. A major shareholder of the Company (Note 2)
3. A person who executes the business of a company, etc. that falls under any of the following items.

(1) A major business partner of the Group (Note 3)

(2) A major lender to the Group (Note 4)

(3) A company, etc. in which the Group holds 10% or more of shares on a voting basis

4. A Certified Public Accountant who belongs to the auditing firm serving as the Group’s Accounting Auditor.
5. A consultant, accountant, tax accountant, attorney, judicial scrivener, patent attorney or other expert receiving a substantial amount (Note 5) of money or other property from the Group
6. A person who has received substantial donations from the Group (Note 6)
7. An executive of a company in a relationship mutually providing Outside Officers (Note 7)
8. A person whose close relative (Note 8) falls under any of items 1 through 7 above (limited to key personnel (Note 9) with the exception of items 4 and 5)
9. A person to whom any of items 2 through 8 have applied in the past three years
10. Notwithstanding the provisions of the preceding items, a person who is deemed to have another conflict of interest with the Company

Notes: 1. A currently serving executive director, executive officer or other similar employee (hereinafter referred to as “executive”) or an executive who has served in the Group at any time in the past.

2. A major shareholder is a shareholder who, as of the end of the Company’s fiscal year, holds 10% or more of shares on a voting basis in his/her own name or the name of another person.
If the major shareholder is an organization such as a corporation or a partnership, this refers to an executive of such organization.
3. A major business partner is a purchaser or supplier of the Group whose annual transactions with the Group exceed 3% of the Company’s consolidated sales or the supplier’s consolidated sales.
4. A major lender is a financial institution from whom the Group borrows, and the balance of the borrowing exceeds 2% of the consolidated total assets of the Company or the consolidated total assets of the financial institution as of the end of the Company’s fiscal year.
5. A substantial amount is defined as follows according to the relationship with the provision of services by the expert.
   (1) If the expert provides services to the Group as an individual, the consideration received from the Group is a substantial amount if it exceeds 10 million yen per year.
   (2) If the organization such as a corporation or a partnership to which the expert belongs provides services to the Group, the consideration received from the Group is a substantial amount if it exceeds 2% of the organization’s annual sales or total revenue. However, even if 2% is not exceeded, the amount is deemed to be a substantial amount if the amount received by the organization as consideration for services provided with the direct involvement of the expert exceeds 10 million yen per year.
6. A person who has received donations from the Group exceeding 10 million yen per year. If the party receiving the donations is an organization such as a corporation or a partnership, this refers to a person who is directly involved in the research, education or other activities related to the donations among those who belong to the organization.

7. A relationship in which an executive of the Group is an outside director of another company, and an executive of the other company is an outside director of the Company.
8. A close relative is a spouse or a relative within two degrees of relationship
9. Key personnel are Directors and executive officers.

<Reason for election as Outside Officers and their activities>

1. Outside Director Chiharu Baba

He has abundant corporate management experience and extensive knowledge of financial accounting, risk management and management in general, and has fulfilled his role as an outside director. His insight and knowledge on governance in Japan and abroad are suitable for the supervision of management of the Group, and because he can be expected to fulfill this role, he has been nominated for re-election as Outside Director who is not an Audit and Supervisory Committee member to improve transparency of the Board of Directors and strengthen its supervisory functions.

Furthermore, he has appropriately fulfilled this role by providing comments on topics such as the governance systems and internal control of the Group as a whole in the meetings of the Board of Directors and the Nomination and Compensation Committee which he chairs.

He has been designated and registered as an independent officer with Tokyo Stock Exchange, Inc. because he satisfies the independence standard specified by the exchange and the Company's standard for determining independence.

He attended all the 22 meetings of the Board of Directors held during the current fiscal year, and asked appropriate questions and, as necessary, expressed opinions on management in general from an external position based on his experience and insight as an officer of the other companies.

2. Outside Director Mayumi Yamamoto

She has advanced specialized knowledge and abundant experience concerning corporate legal affairs as an attorney at law, has served as a member of government councils such as the Central Labour Relations Commission, and has been nominated for re-election as Outside Director who is not an Audit and Supervisory Committee member to improve transparency of the Board of Directors and strengthen its supervisory functions because she is suitable for executing monitoring of the Company’s management from an objective and specialized perspective.

Furthermore, she is expected to have a role in risk management, etc. related to business from a legal perspective, and has appropriately fulfilled this role through actions such as actively providing advice from this perspective in meetings of the Board of Directors and the Nomination and Compensation Committee.

She has been designated and registered as an independent officer with Tokyo Stock Exchange, Inc. because she satisfies the independence standard specified by the exchange and the Company's standard for determining independence.

She attended all the 22 meetings of the Board of Directors held during the current fiscal year, and asked appropriate questions and, as necessary, expressed opinions on management in general from an external position based on her experience and insight as an attorney at law.

3. Outside Director Shinichi Kawaratani

He has been involved in business investment and the development of new businesses in the area of information and communications for many years, and has insight into the management of an information and communications company based on his experience as representative director and president of a company providing IT solutions. Furthermore, he has worked on the creation of a variety of new businesses in Japan and abroad as the CEO of his own venture capital company, and has extensive business experience overseas such as in the United States. His insight and knowledge of creating and developing new business in Japan and abroad, in addition to corporate management of a global business, make him suitable for the supervision of management of the Group, and because he can be expected to fulfill this role, he has been nominated for re-election as outside director who is not an Audit and Supervisory Committee member to improve transparency of the Board of Directors and strengthen its supervisory functions.

He has been designated and registered as an independent officer with Tokyo Stock Exchange, Inc. because he satisfies the independence standard specified by the exchange and the Company's standard for determining independence.

He attended all the 22 meetings of the Board of Directors held during the current fiscal year, and asked appropriate questions and, as necessary, expressed opinions on management in general from an external position based on his experience and insight as an officer of the other companies.

4. Outside Director Tsukasaki Yuko

She has served in key positions in the Ministry of Health, Labour and Welfare for many years and also served as the Director of the Gender Equality Promotion Division of the Gender Equality Bureau in the Cabinet Office, and has advanced insight and extensive experience on topics such as promotion of participation by women and diversity. Furthermore, after retiring from office, she has taught as a professor of Taisho University, and has extensive experience and advanced insight and expertise in the areas of regional development and public policy.

Although she has not been involved in management of a company, she has been nominated for election as outside director who is not Audit and Supervisory Committee member because the Company believes that she would be suitable as an outside director of the Company and can be expected to fulfill the role for further strengthening management supervision functions by utilizing her knowledge of a wide range of specialized areas obtained through drafting policy in government and utilizing her knowledge of regional development to promote ESG management in the Company, which builds and operates industrial and social infrastructure facilities.

She has been designated and registered as an independent officer with Tokyo Stock Exchange, Inc. because she satisfies the independence standard specified by the exchange and the Company's standard for determining independence.

She attended all the 13 meetings of the Board of Directors held after she took office during the current fiscal year, and asked appropriate questions and, as necessary, expressed opinions on management in general from an external position based on her experience and insight as an expert on public policy.

5. Outside Director (Audit and Supervisory Committee member) Chiaki Katsumaru (Chiaki Ishikawa)

She has served as a certified public accountant for many years, and has rich career and a high level of expert knowledge concerning corporate finance and accounting in major audit firms and accounting companies, and she has been nominated for election as outside director who is an Audit and Supervisory Committee member because she is a suitable choice for supervising the execution of the duties of Directors from a neutral and objective perspective.

She has been designated and registered as an independent officer with Tokyo Stock Exchange, Inc. because she satisfies the independence standard specified by the exchange and the Company's standard for determining independence.

She attended all the 22 meetings of the Board of Directors held during the current fiscal year, and asked appropriate questions and, as necessary, expressed opinions on management in general from an external position based on her experience and insight as a certified public accountant.

She also attended all the 10 meetings of the Audit and Supervisory Committee, reported on audits that she conducted according to the allocation of duties, asked appropriate questions about audits conducted by other Audit and Supervisory Committee members, and provided comments from an external position as necessary.

6. Outside Director (Audit and Supervisory Committee member) Shigeru Suemori

He has been involved in the manufacture, development and quality management of optical fiber cables for many years as an optical fiber expert at Sumitomo Electric Industries, Ltd., and also has extensive experience in global business such as handling the management of overseas group companies operated in that business. At present, he is involved in the manufacture and development of optical fiber cables and networking equipment, etc. and new business development as Managing Executive Officer and General Manager of the Information and Communications Headquarters of Sumitomo Electric Industries.

His knowledge and insight on manufacturing and development of information and communication equipment, quality management and corporate management of global business make him suitable for conducting supervision of the execution of duties of Directors and because he is expected to fulfill the role, he has been nominated for election as an outside director who is an Audit and Supervisory Committee member.

He has been designated and registered as an independent officer with Tokyo Stock Exchange, Inc. because he satisfies the independence standard specified by the exchange and the Company's standard for determining independence.

He attended 11 meetings out of 13 meetings of the Board of Directors held after he took office during the current fiscal year, and asked appropriate questions and, as necessary, expressed opinions on management in general from an external position based on his experience and insight as an officer of the other companies.

He also attended all the 10 meetings of the Audit and Supervisory Committee, reported on audits that he conducted according to the allocation of duties, asked appropriate questions about audits conducted by other Audit and Supervisory Committee members, and provided comments from an external position as necessary.

7. Outside Director (Audit and Supervisory Committee member) Osamu Hayakawa

He has excellent knowledge and expertise and abundant experience concerning police administration, etc. The Company believes that he can provide appropriate supervision and advice in order to further strengthen the corporate governance, in particular compliance and risk management as an outside director and Audit and Supervisory Committee member of the Company. He is a suitable choice for ensuring the transparency and fairness of business execution of the Company and increasing its effectiveness, and because he can be expected to fulfill this role, he has been nominated for election as outside director who is an Audit and Supervisory Committee member.

He has been designated and registered as an independent officer with Tokyo Stock Exchange, Inc. because he satisfies the independence standard specified by the exchange and the Company's standard for determining independence.

3) Mutual cooperation between outside Directors and outside Audit and Supervisory Committee members, in supervision or audits and internal audits, audits by Audit and Supervisory Committee members, and accounting audits, and relationship with the internal control department

Outside Directors and outside Audit and Supervisory Committee members understand the Group’s management issues and other matters by, for example, attending meetings of the Board of Directors, Audit and Supervisory Committee and other committees, and receive reports on audits by Audit and Supervisory Committee members.

Outside Directors and outside Audit and Supervisory Committee members also express appropriate opinions as necessary from an objective and specialized perspective in their respective fields, and seek to ensure the transparency and efficiency of management by exchanging opinions with each director and each Audit and Supervisory Committee member.

(3) Audits

1) Audits by the Audit and Supervisory Committee

(A) Organization and personnel

In accordance with the resolution of the 12th Ordinary General Meeting of Shareholders held on June 14, 2022, the Company transitioned from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee on July 1, 2022.

As of the date of submission of this report (June 28, 2023), the Audit and Supervisory Committee of the Company consists of five members, including three independent outside Directors (Audit and Supervisory Committee members), and two full-time Audit and Supervisory Committee members are selected to enhance the effectiveness of the monitoring and supervisory functions. Director and Audit and Supervisory Committee member Chiaki Katsumaru (Chiaki Ishikawa) is a certified public accountant.

The Audit and Supervisory Committee Office has been established to assist the Audit and Supervisory Committee in its duties. The Company ensures the effectiveness of the Audit and Supervisory Committee’s instructions by placing three full-time staff under the direction and orders of the said committee, and for personal evaluations, transfers, and other actions. And, the Company enhances independence from operational departments by seeking the opinions of full-time Audit and Supervisory Committee members and obtaining their consent in advance.

For the five major domestic group companies, dedicated corporate auditors and Internal Audit Departments are assigned to conduct audits. For other domestic subsidiaries, 10 members of the Audit and Supervisory Committee Office of the Company are in charge of two to three companies each as corporate auditors. And corporate auditors concurrently serving in the other operational divisions of the Company such as Finance and Accounting Division or assigned exclusively to each company are assigned. In addition, the internal audit function is concentrated in the Audit Department, the Internal Audit Department of the Company, to strengthen group governance by having the Audit Department conduct internal audits of subsidiaries, excluding major group companies, while accumulating audit knowledge.

(B) Activities of the Audit and Supervisory Committee

In principle, the Audit and Supervisory Committee meets monthly and as needed to make resolutions, reports, and deliberations. In the current fiscal year, the Board of Corporate Auditors met 4 times until June 2022, and the Audit and Supervisory Committee 10 times from July 2022 to March 2023. Status of attendance at meetings by individual Corporate Auditor and Director who is the Audit and Supervisory Committee member is as follows:

a. Status of attendance at meetings of the Board of Corporate Auditors and the Board of Directors (before transitioning to a company with an Audit and Supervisory Committee)

Position	Name	Attendance at meetings
Full-time Corporate Auditor	Manabu Kiriyama	100% (4/4)
Full-time Corporate Auditor (independent outside director)	Hiroshi Seki	100% (4/4)
Corporate Auditor	Masayoshi Hosokawa	100% (4/4)
Corporate Auditor (independent outside director)	Chiaki Katsumaru (Chiaki Ishikawa)	100% (4/4)

b. Status of attendance at meetings of the Audit and Supervisory Committee and the Board of Directors

Position	Name	Attendance at meetings
Director, Audit and Supervisory Committee member (Full-time)	Yasuhiro Yamamoto	100% (10/10)
Director, Audit and Supervisory Committee member (Full-time)	Koji Aoyama	100% (10/10)
Director, Audit and Supervisory Committee member (Part-time/independent outside director)	Hiroshi Seki	100% (10/10)
Director, Audit and Supervisory Committee member (Part-time/independent outside director)	Chiaki Katsumaru (Chiaki Ishikawa)	100% (10/10)
Director, Audit and Supervisory Committee member (Part-time/independent outside director)	Shigeru Suemori	100% (10/10)

As the main matters discussed, the Audit and Supervisory Committee deliberated on the formulation of audit policies and plans, preparation of audit reports, reappointment of the accounting auditor, approval of the compensation of the accounting auditor, approval of the appointment of directors who are members of the Audit and Supervisory Committee, whether or not there are opinions regarding the appointment of directors who are not members of the Audit and Supervisory Committee and review of directors' compensation, and audits on the content of proposals to the Ordinary General Meeting of Shareholders.

In particular, in the current fiscal year, since this was the first year of the transition to a company with an Audit and Supervisory Committee system, the committee discussed and deliberated on the operation methods of the committee, including the Audit and Supervisory Committee Regulations, points to be checked when appointing Directors as Audit and Supervisory Committee members, strengthening cooperation with the Audit Department, the Internal Audit Department, and strengthening governance of overseas subsidiaries.

As stated in the business report and audit report, our consolidated subsidiary, SOLCOM Co., Ltd. received a cease and desist order from the Fair Trade Commission for violating the Antimonopoly Act in October, 2022 in the bidding for computer equipment ordered by Hiroshima Prefecture or Hiroshima City. SOLCOM Co., Ltd. submitted a report on measures to the Fair Trade Commission in December 2022, and received notification from the Commission in January 2023 that the contents of the report had been approved. The Audit and Supervisory Committee confirmed that the MIRAIT ONE Group has continued its efforts to ensure compliance with laws and regulations, raise employee awareness, and strengthen its compliance system and will continue to monitor and verify the status of these efforts.

C. Major audit activities of Directors who are Audit and Supervisory Committee members

In the current fiscal year, the corporate auditors attended 9 meetings of the Board of Directors until June 2022, and from July 2022 to March 2023, Directors who are Audit and Supervisory Committee members attended 13 meetings of the Board of Directors to audit the proceedings, resolutions, etc., and to express their opinions when necessary.

The attendance rate of the four corporate auditors was 100%, except for one absence by Corporate Auditor Masayoshi Hosokawa, and the attendance rate of the five Directors who are Audit and Supervisory Committee members was 100%, except for two absences by Director who is an Audit and Supervisory Committee member Shigeru Suemori.

In addition, meetings were held regularly once a quarter to exchange opinions between the two Representative Directors and all members of the Audit and Supervisory Committee regarding the basic management approach, business performance outlook, priority measures, and other matters.

In cooperation with the accounting auditor, the Company monitored and verified whether the accounting auditor maintained an independent position and conducted appropriate audits, received reports from the accounting auditor on the status of the execution of its duties, and requested explanations as necessary. Specifically, the Company regularly exchanged information with the accounting auditors regarding their audit plans, quarterly review reports, audit results, quality control system, etc. (in the current fiscal year, the Audit and Supervisory Committee members met twice as the Board of Corporate Auditors until June 2022 and nine times as the Audit and Supervisory Committee from July of the same year to March 2023). In accordance with the revision of the Rules of Ethics of the Japanese Institute of Certified Public Accountants, prior approval by the Audit and Supervisory Committee is required for the provision of non-assurance services from the perspective of maintaining the independence of the accounting auditor. After receiving the necessary information in advance, the Audit and Supervisory Committee reviewed and gave its prior approval (5 cases).

With regard to major audit considerations (KAMs), the Audit and Supervisory Committee held discussions with the accounting auditors, received reports on the status of their audits, and requested explanations as necessary.

D. Major auditing activities of full-time Directors who are Audit and Supervisory Committee members

In cooperation with the Internal Audit Department and other internal control departments, the full-time Directors who are Audit and Supervisory Committee members attended the Group Presidents' Councils, Executive Committees, ESG Management Promotion Committees, and other important meetings, and expressed his/her opinions as necessary. In addition, as part of the audit, the committee members conducted hearings twice a year with Directors (including those who concurrently serve as the President and CEO of major group companies), received reports from Directors and employees on matters related to the execution of their duties, and requested explanations from them. Similarly, as part of the audit, the committee members conducted hearings with the President and CEO of major group companies in which the Company's Directors did not concurrently hold positions. In addition, the committee members perused important approval documents, etc., and investigated the status of operations and assets at the head office and major business offices.

E. Dual reporting line with the Internal Audit Department

The Audit and Supervisory Committee has established a dual reporting line with the Internal Audit Department, as described below, and works in organic collaboration with the Internal Audit Department, sharing the status of implementation of audits in line with actual practices conducted by the Internal Audit Department, such as issues in the workflow, including construction implementation, and issues in the application of regulations detected in audits conducted by the Internal Audit Department. Based on the above, the Audit and Supervisory Committee conducts audits focusing on the management's recognition of medium- and long-term issues, business prospects, risk recognition, and compliance issues, etc., through the afore-mentioned exchange of opinions with the Representative Directors, hearings with Directors, and other means.

(2) Internal audit status

A. Organization, personnel, and outline of activities

The Company established the Audit Department as a third-line organization independent from the first-line (current business divisions such as companies and branches) and second-line (administrative divisions such as staff organizations) of the three lines of defense to expand the Internal Audit Department in conjunction with the inauguration of MIRAIT ONE on July 1, 2022. As of March 31, 2023, the Audit Department had 21 employees.

In accordance with the Internal Audit Regulations and the audit plan approved by the Board of Directors, the Audit Department conducts internal audits of each organization of MIRAIT ONE and its subsidiaries (excluding major group companies) from an independent and objective standpoint. Specifically, the Audit Department evaluates the compliance with laws, regulations, and internal rules, etc. related to construction-related business processes and execution of various operations as well as the effectiveness of the control procedures, and makes recommendations for improvement.
In addition, the Internal Audit Departments of major group companies conduct internal audits of each major group company and its subsidiaries, and the group's Internal Audit Departments share information and collaborate on audit policies and audit implementation status to strengthen group governance.
The Audit Department also conducts the evaluation of internal control over financial reporting (J-SOX) based on the Financial Instruments and Exchange Act.

B. Dual reporting line to the Board of Directors and Audit and Supervisory Committee
The Audit Department conducts internal audits after receiving the Board of Directors' resolution on the internal audit plan. After the internal audit is conducted, the department submits a report on the results of the business audit to the organization conducting the audit, and reports the results to the Board of Directors on a quarterly basis.
In addition to the formulation of the audit plan and the reporting of the results of operational audits, the Audit Department has established a dual reporting line to the Board of Directors and the Audit and Supervisory Committee for J-SOX evaluations, as described below, and reports to the full-time Audit and Supervisory Committee members in a timely manner and performs its duties with their advice and coordination.

i) Internal audit plan formulation phase
The internal audit plan of the Audit Department, which is a matter to be resolved by the Board of Directors, shall be reviewed with the full-time Audit and Supervisory Committee members in advance and necessary advice shall be received before the plan is submitted to the Board of Directors.

ii) J-SOX assessment scope selection phase
The selection of the scope of assessment for J-SOX, which is a matter to be resolved by the Board of Directors, shall be discussed with a full-time Audit and Supervisory Committee member and necessary advice shall be received before the plan is submitted to the Board of Directors.

iii) Internal audit result reporting phase
The reporting of internal audit results is a matter to be reported to the Board of Directors on a quarterly basis. Before reporting the results, the report shall be reviewed with the full-time Audit and Supervisory Committee members and necessary advice shall be received.

iv) Individual internal audit result reporting phase
Before submitting reports on audit results to the President and CEO and the head of the organization to be audited, the results of each organization's internal audits conducted in accordance with the internal audit plan are reported to the full-time Audit who are Supervisory Committee members, who receive advice and instructions regarding the matters pointed out and the organization with which the report is shared, and report them to the executive side and make recommendations for improvement, etc. based on such advice and instructions.

3) Accounting audit status

A. Name of audit corporation

KPMG AZSA LLC

B. Continuous audit period

9 years

C. Certified accountant who executed the independent audit

Designated limited liability partner, business execution partner, certified public accountant, Yasuyuki Nagasaki

Designated limited liability partner, business execution partner, certified public accountant, Keiji Kobayashi

Designated limited liability partner, business execution partner, certified public accountant, Kohei Nakamura

D. Composition of assistants involved in accounting audit work

Certified public accountant 16 people

Accountant exam passers, etc. 10 people

Other 15 people

* The above assistants include those involved with MIRAIT Corporation and MIRAIT Technologies Corporation from April 2022 to June 2022.

E. Policy and reason for appointing an audit corporation

At the Company, the Audit and Supervisory Committee examined the appropriateness, independence and quality control system, etc. of accounting auditors, and selected accounting auditors by comprehensively determining the audit achievements and the degree of understanding of the business.

In the event that the Audit and Supervisory Committee determines that dismissal or non-reappointment of an accounting auditor is necessary, such as the case where the accounting auditor has trouble in executing his or her duties, the Audit and Supervisory Committee determines details of a proposal regarding the dismissal or non-reappointment of the accounting auditor, and the Board of Directors submits the proposal to the General Meeting of Shareholders.

When the accounting auditor falls under Article 340, Paragraph 1 of the Companies Act, the accounting auditor will be dismissed by the agreement of all the Audit and Supervisory Committee members at the Audit and Supervisory Committee, and the fact of dismissal and its reason will be reported at the first General Meeting of Shareholders convened after the dismissal.

F. Evaluation of the audit corporation by the Audit and Supervisory Committee

The Audit and Supervisory Committee has collected information on the appropriateness and independence of accounting auditors, as well as the audit system, and audit implementation status and audit quality, etc., and based on examination using the evaluation criteria established by the Audit and Supervisory Committee, has acknowledged the method and results of an accounting auditor described above and has determined that reappointment is appropriate.

4) Details of audit fees, etc.

A. Audit fees paid to auditing certified public accountants, etc.

Category	Previous fiscal year		Current fiscal year	
	Fees for audit certification services (million yen)	Fees for non-audit services (million yen)	Fees for audit certification services (million yen)	Fees for non-audit services (million yen)
Reporting company	45	–	126	4
Consolidated subsidiaries	117	–	70	–
Total	163	–	197	4

Current fiscal year:

Non-audit services provided to the Company for the current fiscal year were agreed-upon procedures engagements to the materials for the business evaluation on merger.

B. Audit fees paid to the same network (the KPMG Group) to which auditing certified public accountants, etc. belong (excluding fees specified in A above.)

Category	Previous fiscal year		Current fiscal year	
	Fees for audit certification services (million yen)	Fees for non-audit services (million yen)	Fees for audit certification services (million yen)	Fees for non-audit services (million yen)
Reporting company	–	–	–	2
Consolidated subsidiaries	17	4	9	–
Total	17	4	9	2

Previous fiscal year:

Non-audit services provided to the consolidated subsidiaries for the previous fiscal year were supporting services for filing tax returns.

Current fiscal year:

Non-audit services provided to the Company for the current fiscal year were supporting services for filing tax returns.

C. Details of fees for other significant audit certification services

Not applicable.

D. Policy for determining audit fees

The Company determines audit fees for the auditing certified public accountants, taking into account the number of audit days and the details of audit services among others. The Company determines audit fees with consent of the Audit and Supervisory Committee as prescribed in Article 399 of the Companies Act.

E. Reasons for the Audit and Supervisory Committee’s consent to fees for the accounting auditor

The Audit and Supervisory Committee determined the suitability of the audit schedule and the allocation of personnel specified in the accounting audit plan for the current fiscal year that the accounting auditor explained to the Audit and Supervisory Committee and the suitability of the status of execution of audits by the accounting auditor. The Audit and Supervisory Committee also examined and evaluated the accounting auditor’s audit achievements for the previous fiscal year, and verified the validity of estimates to be used for calculating fees for the accounting auditor. As a result, the Audit and Supervisory Committee consented to the amount of fees for the accounting auditor.

(4) Remuneration of Directors and other officers

1) Basic policy

The total amount (limit) of Directors' remuneration (excluding Directors who are Audit and Supervisory Committee members. The same shall apply hereinafter.) is specified in the General Meeting of Shareholders after being approved by the Board of Directors, and the remuneration of individual Directors is determined using a remuneration system based on the roles and responsibilities of each position.

Furthermore, the policy on determination of the content of remuneration of individual Directors is deliberated upon by the "Nomination and Compensation Committee" (chaired by an independent outside director) comprising four independent outside Directors and the President and CEO as an advisory body to the Board of Directors to improve objectivity and transparency and the results are reported to the Board of Directors, which determines the policy based on the report.

Outside Directors who provide supervisory functions are only paid monthly base remuneration considering their duties.

2) Policy on determination of the amount of individual remuneration for base remuneration (monetary remuneration) (including the policy on determination of the timing or conditions of granting remuneration, etc.)

The total amount (limit) of Directors' remuneration is specified in the General Meeting of Shareholders after provisions being approved by the Board of Directors, and the base remuneration of individual Directors (excluding outside Directors) is fixed monthly remuneration of which the amount is obtained by dividing the annual salary based on the roles and responsibilities of each position by 15.

The standard bonus is equal to three months of fixed monthly remuneration (the amount remaining after deducting 30% to be allocated to the Board Benefit Trust performance-linked stock compensation scheme (hereinafter referred to as "Board Benefit Trust") as described in section 3). The number of months of payment may vary based on comprehensive consideration of the Company's performance in the previous fiscal year and the outlook for performance in the current fiscal year, the payment of employee special allowances, and individual performance evaluation of each director. The standard bonus is determined by the President and CEO and paid once a year in the summer, subject to reporting to the Nomination and Compensation Committee.

The percentages of fixed remuneration and variable remuneration are generally around 80% (12/15) for the former and 20% (3/15) for the latter.

3) Policy on determination of the content of performance-linked remuneration and non-monetary remuneration, and the method of calculation of the amount or number thereof (including the policy on determination of the timing or conditions of granting remuneration, etc.)

With regard to performance-linked remuneration and non-monetary remuneration, "Board Benefit Trust" has been introduced in order to clarify the connection between the remuneration of officers and the Company's performance and share price, and to raise awareness of contributions to the improvement of medium- to long-term performance and corporate value. Up to 150 million yen for the Company's Directors is contributed to the trust as funds for the trust to acquire the shares required for each period of three fiscal years in advance, and the maximum number of shares granted per fiscal year is equivalent to 33,000 shares (resolution of the 12th Ordinary General Meeting of Shareholders held on June 14, 2022).

4) Policy on determination of the percentages of the amount of monetary remuneration and the amount of performance-linked remuneration, etc. or the amount of non-monetary remuneration in relation to the amount of remuneration of individual Directors

Of the annual salary specified according to the roles and responsibilities of each position of Directors (excluding outside Directors), the percentages of the amount of monetary remuneration and the amount of performance-linked remuneration, etc. are around 80% fixed remuneration and 20% variable remuneration, and 30% of the variable remuneration is allocated to the Board Benefit Trust, which is a form of non-monetary remuneration.

In consideration of insider trading regulations, etc., Directors (excluding outside Directors) are required to contribute 10% or more of their monthly remuneration to the officers' shareholding association in order to increase awareness as management and awareness of the common goal of enhancing shareholder value. Therefore, these percentages are effectively 72% fixed remuneration, 28% variable remuneration and 14% non-monetary remuneration (share-based remuneration).

5) Matters related to determination of the content of remuneration, etc. of individual Directors

The determination of remuneration of individual Directors is left to the discretion of Toshiki Nakayama, President and CEO, based on the assumption of preparation of proposals for individual remuneration and making a report to the Nomination and Compensation Committee, to the extent of the total amount resolved by the General Meeting of Shareholders based on a resolution of the Board of Directors.

The President and CEO entrusted with the decision prepares proposals for individual remuneration based on the policy on determination of the content of remuneration of individual Directors resolved by the Board of Directors, makes a report to the Nomination and Compensation Committee, and determines the content.

6) Matters related to performance-linked remuneration and non-monetary remuneration

The Board Benefit Trust has been introduced in order to clarify the connection between the remuneration of Directors (excluding outside Directors) and the Company's performance and share price, and to raise awareness of contributions to the improvement of medium- to long-term performance and corporate value.

The Company's consolidated operating profit, ROE, and ESG indicator achievement have been chosen as indicators for performance-linked remuneration that can easily be used to raise awareness of the contributions to performance of Group companies and enhancement of corporate value. And, in accordance with the "Officer Stock Benefit Rules," the number of points granted is calculated by multiplying the base points set to allocate 30% of three months of monthly remuneration by the performance-linked coefficient based on the Company's consolidated operating profit, ROE, and ESG indicator achievement and one share is granted for each point at the time of retirement.

The consolidated operating profit target in the initial business plan for the current fiscal year was 30 billion yen. The actual result was 21.8 billion yen with ROE of 6.0%.

For more details of the scheme, please refer to "IV. Information about Reporting Company, 1. (8) Share ownership plan for Directors, other officers and employees."

7) Matters related to resolutions at the General Meeting of Shareholders for remuneration of Directors and corporate auditors

The total amounts of monetary remuneration of Directors who are not Audit and Supervisory Committee members and Directors who are Audit and Supervisory Committee members were resolved to be 400 million yen or less per year (including 50 million yen or less per year for outside Directors) and 100 million yen or less per year, respectively, at the 12th Ordinary General Meeting of Shareholders held on June 14, 2022. The numbers of Directors who are not Audit and Supervisory Committee members and Directors who are Audit and Supervisory Committee members on the day this resolution comes into effect were 14 (four of whom were outside Directors) and five (three of whom were outside Directors), respectively. Apart from the total amount of monetary remuneration of Directors above, the maximum amount of performance-linked stock compensation for three fiscal years was resolved to be 150 million yen for the Company's Directors who are not Audit and Supervisory Committee members (excluding outside Directors) and the maximum number of shares to be granted per fiscal year was resolved to be equivalent to 33,000 shares at the 12th Ordinary General Meeting of Shareholders held on June 14, 2022. The number of Directors who are not Audit and Supervisory Committee members at the time this resolution comes into effect was 10 (excluding outside Directors).

Prior to the transition to a company with an Audit and Supervisory Committee, the total amounts of monetary remuneration of the Company's Directors and corporate auditors were resolved to be 300 million yen or less per year (including 30 million yen or less per year for remuneration of outside Directors, etc.) for remuneration of Directors and 70 million yen or less per year for remuneration of corporate auditors, etc., respectively, at the 1st Ordinary General Meeting of Shareholders held on June 28, 2011. The numbers of Directors and corporate auditors at the conclusion of the meeting were eight (two of whom were outside Directors) and four (two of whom were outside corporate auditors), respectively. Apart from the total amount of monetary remuneration of Directors above, the maximum amount of performance-linked stock compensation for three fiscal years was resolved to be 74 million yen for the Company's Directors (excluding outside Directors) and the maximum number of shares to be granted per fiscal year was resolved to be equivalent to 28,000 shares at the 6th Ordinary General Meeting of Shareholders held on June 28, 2016. The number of Directors (excluding outside Directors) at the conclusion of the meeting was six.

8) Policy on determination of the content of remuneration of individual Directors

(A) Method of determining the policy on determination of the content of remuneration of individual Directors

The Nomination and Compensation Committee was consulted about the policy on determination of the content of remuneration of individual Directors (hereinafter referred to as the "Policy") and gave the opinion that the Policy is appropriate. The Board of Directors then resolved the Policy at its meeting held on November 1, 2022.

(B) The details of the Policy

The details of the Policy is as stated in "IV. Information about Reporting Company, 4. (4) Remuneration of Directors and other officers 1) to 5)."

(C) Reasons for the Board of Directors' decision that the content of remuneration of individual Directors for the current fiscal year is in line with the Policy

In determining remuneration of individual Directors, the Nomination and Compensation Committee, comprising four independent outside Directors and the President and CEO as an advisory body to the Board of Directors, was consulted about the proposals for remuneration of individual Directors prepared based on the Policy resolved by the Board of Directors, and gave consent to the proposals. The Board of Directors thus determined that the content of remuneration is in line with the Policy.

9) Matters related to delegation of determination of remuneration of individual Directors

The Board of Directors resolved at its meeting held on June 14, 2022 that the President and CEO Toshiki Nakayama is entrusted to decide on the amount of base remuneration and the amount of bonus based on performance of each fiscal year for individual Directors for the current fiscal year to the extent of the total amount resolved by the General Meeting of Shareholders based on the assumption of consultation with the Nomination and Compensation Committee. The reason for leaving the President and CEO to the decision is that he is the most suitable choice for evaluating the execution of operations of individual Directors while taking a comprehensive view of the Company's entire business.

10) Total amount of remuneration by position, total amount for each class of remuneration, and number of recipients

Position	Total amount of remuneration (million yen)	Total amount for each class of remuneration (million yen)		Number of recipients (Persons)
		Fixed remuneration	Performance-linked remuneration	
Directors (excluding Audit and Supervisory Committee members and outside Directors)	206	155	50	14
Audit and Supervisory Committee Members (Excluding outside Directors)	31	31	–	2
Corporate Auditors (Excluding outside corporate auditors)	6	6	–	2
Outside officers	67	67	–	9

Note: Amount paid to Corporate Auditors is for the period prior to the transition to a company with an Audit and Supervisory Committee and the amount paid to Directors who are Audit and Supervisory Committee members is for the period after the transition to a company with an Audit and Supervisory Committee.

11) Total amount of consolidated remuneration per officer

This information is not provided because there are no persons whose total amount of consolidated remuneration is 100 million yen or more.

(5) Shareholdings

1) Standard of and approach to classification of investment shares

If the purpose of investment falls under any of the following, the Group classifies such investments as investment shares for purposes other than pure investment. Investments made for other purposes are classified as pure investment.

A. Maintaining or strengthening business relationships with the company in which shares are held;

B. Maintaining or strengthening cooperative relationships for the promotion of alliance operations; or

C. Coordination for efficient construction work, etc.

2) Investment shares held for purposes other than pure investment

a. Policy on holding shares and Method of examining the rationality of shareholdings, and Details of examination on whether the holding of specific shares is appropriate by the Board of Directors, etc.

A. Policy on holding shares

The Group holds shares when it is thought that holding the shares of a business partner will lead to the improvement of the Group's corporate value or the interests of shareholders. The Company checks the objectives of shareholding and the state of trading, and gradually reduces shares for which the meaning of shareholding is found to have diminished through quantitative and qualitative verification, by their sale, etc.

B. Method of examining the rationality of shareholdings

The Group performs quantitative and qualitative examination of the medium- to long-term economic rationality and future outlook of investment shares for purposes other than pure investment based on factors such as the risks and returns.

C. Details of examination on whether the holding of specific shares is appropriate by the Board of Directors, etc.

The investment shares for purposes other than pure investment held by the Group are subject to investigation of the purpose of holding the shares and the status of transactions. Once every year, the Board of Directors performs quantitative and qualitative examination of each stock regarding whether the risks and returns are commensurate with the capital cost, the purpose of holding the shares and future business trends, etc. to determine whether holding the shares is appropriate.

Shares which are thought to have "little meaning to be held" as a result of a review are sold as needed while considering factors such as the share price. Furthermore, the investment shares of the Group as a whole for purposes other than pure investment and the condition of the reduction thereof are managed through annual reviews. In the current fiscal year, 4 stocks were sold in accordance with the above policy.

b. Number of stocks and carrying amounts on balance sheets

	Number of stocks	Total carrying amount on balance sheets (million yen)
Unlisted shares	35	1,041
Shares other than unlisted shares	27	4,999

Stocks whose number of shares increased during the current fiscal year

	Number of stocks	Total purchase amount relating to the increase in the number of shares (million yen)	Reasons for the increase in the number of shares
Unlisted shares	1	101	to build and strengthen business alliance relationships
Shares other than unlisted shares	–	–	–

Stocks whose number of shares decreased during the current fiscal year

	Number of stocks	Total sale amount relating to the decrease in the number of shares (million yen)
Unlisted shares	–	–
Shares other than unlisted shares	1	2,200

Note: Stock whose number of shares increased or decreased does not include changes due to the consolidation of shares, share split, share transfer, share swap, merger, etc.

c. Number and book value on balance sheets of specified investment shares and deemed holdings of investment shares by stock

Specified investment shares

Stock	Current fiscal year Number of shares (shares) Carrying amount on balance sheets (million yen)	Previous fiscal year Number of shares (shares) Carrying amount on balance sheets (million yen)	Purpose of holding, overview of business alliance, quantitative effects of holding, and reasons for the increase in the number of shares (Notes 3)	Whether the investee holds the Company's shares
Nippon Telegraph and Telephone Corporation	342,400 1,356	– –	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the communication infrastructure domain in the medium term, etc.	No
SoftBank Group Corp.	173,656 899	– –	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the communication infrastructure domain in the medium term, etc.	No
KDDI Corporation	174,600 714	– –	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the communication infrastructure domain in the medium term, etc.	No
Nippon Densetsu Kogyo Co., Ltd.	225,000 356	– –	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/ environmental social infrastructure domain in the medium term, etc.	Yes
Mizuho Financial Group, Inc.	149,351 280	– –	The Company holds the entity's shares because the investee is one of the main financial business partners and it can contribute to the facilitation of financial business, etc. by strengthening the relationship with the entity.	No
Fuji Kyuko Co., Ltd.	50,000 219	– –	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/ environmental social infrastructure domain in the medium term, etc.	Yes
Mitsubishi UFJ Financial Group, Inc.	173,197 146	– –	The Company holds the entity's shares because the investee is one of the main financial business partners and it can contribute to the facilitation of financial business, etc. by strengthening the relationship with the entity.	No
Sumitomo Electric Industries, Ltd.	84,000 142	– –	The Company holds the entity's shares because the investee is one of the important customers engaged in procurement transactions with the Company, aiming to strengthen the relationship with the entity.	Yes
Hibiya Engineering, Ltd.	61,000 131	– –	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/ environmental social infrastructure domain in the medium term, etc.	Yes

Stock	Current fiscal year Number of shares (shares) Carrying amount on balance sheets (million yen)	Previous fiscal year Number of shares (shares) Carrying amount on balance sheets (million yen)	Purpose of holding, overview of business alliance, quantitative effects of holding, and reasons for the increase in the number of shares (Notes 3)	Whether the investee holds the Company's shares
Techfirm Holdings Inc.	200,000 114	– –	The Company holds the entity's shares because the investee is one of the business partners for business alliance for ICT solutions business, etc. with the Company, aiming to strengthen the relationship with the entity.	No
Pilot Corporation	23,000 98	– –	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/ environmental social infrastructure domain in the medium term, etc.	No
Sumitomo Densetsu Co., Ltd.	32,300 82	– –	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/ environmental social infrastructure domain in the medium term, etc.	Yes
NTT Data Corporation	35,000 60	– –	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/ environmental social infrastructure domain in the medium term, etc.	No
Mitsubishi Electric Corporation	50,000 78	– –	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the communication infrastructure domain in the medium term, etc.	No
The Keiyo Bank, Ltd.	100,000 56	– –	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/ environmental social infrastructure domain in the medium term, etc.	No
Fujikura Ltd.	51,000 47	– –	The Company holds the entity's shares because the investee is one of the important customers engaged in procurement transactions with the Company, aiming to strengthen the relationship with the entity.	Yes
Inaba Denki Sangyo Co., Ltd.	15,730 45	– –	The Company holds the entity's shares because the investee is one of the important customers engaged in procurement transactions with the Company, aiming to strengthen the relationship with the entity.	Yes
Sakura Rubber Co., Ltd.	12,000 63	– –	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/ environmental social infrastructure domain in the medium term, etc.	Yes
Kobe Electric Railway Co., Ltd.	10,000 31	– –	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/ environmental social infrastructure domain in the medium term, etc.	No

Stock	Current fiscal year Number of shares (shares) Carrying amount on balance sheets (million yen)	Previous fiscal year Number of shares (shares) Carrying amount on balance sheets (million yen)	Purpose of holding, overview of business alliance, quantitative effects of holding, and reasons for the increase in the number of shares (Notes 3)	Whether the investee holds the Company's shares
Sumitomo Mitsui Trust Holdings, Inc.	3,033	–	The Company holds the entity's shares because the investee is one of the main financial business partners and it can contribute to the facilitation of financial business, etc. by strengthening the relationship with the entity.	No
	13	–		
Odakyu Electric Railway Co., Ltd.	7,000	–	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/ environmental social infrastructure domain in the medium term, etc.	No
	12	–		
Okinawa Cellular Telephone Company	4,000	–	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the communication infrastructure domain in the medium term, etc.	No
	12	–		
Comsys Holdings Corporation	4,800	–	The Company holds the entity's shares for the purpose of coordination for efficient construction work, etc. in the communication infrastructure domain.	No
	11	–		
Exeo Group, Inc.	4,068	–	The Company holds the entity's shares for the purpose of coordination for efficient construction work, etc. in the communication infrastructure domain.	No
	9	–		
Business Breakthrough, Inc.	20,000	–	The Company holds the entity's shares because the investee is one of the important customers, aiming to strengthen the medium-term relationship with the entity in the enterprise/ environmental social infrastructure domain.	No
	9	–		
Aeon Co., Ltd.	612	–	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/ environmental social infrastructure domain in the medium term, etc.	No
	1	–		
Nissan Tokyo Sales Holdings Co., Ltd.	1,000	–	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/ environmental social infrastructure domain in the medium term, etc.	No
	0	–		

Notes: 1. These companies are stated as the number of stocks of specified investment shares is 60 or less although the carrying amount on balance sheets is 1% or less of the amount of share capital of the reporting company.

2. "–" means that the Company does not hold the stock.

3. (1) Quantitative effects of holding are examined as stated in "2), B. Method of examining the rationality of shareholdings," but information about such effects is not provided from the perspective of confidentiality, etc. with each of the business partners.

(2) In the previous fiscal year, the Company' main business was to conduct business management of subsidiaries, therefore, did not hold shares. However, the number of shares increased due to the merger of the consolidated subsidiaries.

4. Below shows the number of shares and carrying amounts on balance sheets, etc. in the previous fiscal year for each stock of specified investment shares held by MIRAIT Corporation (the largest shareholder) that has the largest amount of investment shares on balance sheets (carrying amounts of investment shares) and MIRAIT Technologies Corporation, the second largest shareholder among the Company and its consolidated subsidiaries.

Specified investment shares held by MIRAIT Corporation

Stock	Current fiscal year Number of shares (shares) Carrying amount on balance sheets (million yen)	Previous fiscal year Number of shares (shares) Carrying amount on balance sheets (million yen)
KDDI Corporation	–	697,700
	–	2,794
Nippon Telegraph and Telephone Corporation	–	200,000
	–	709
Nippon Densetsu Kogyo Co., Ltd.	–	225,000
	–	356
SoftBank Group Corp.	–	61,554
	–	342
Mizuho Financial Group, Inc.	–	148,951
	–	233
Fuji Kyuko Co., Ltd.	–	50,000
	–	195
Mitsubishi UFJ Financial Group, Inc.	–	173,197
	–	131
Sumitomo Electric Industries, Ltd.	–	84,000
	–	122
Pilot Corporation	–	23,000
	–	120
Techfirm Holdings Inc.	–	200,000
	–	101
Mitsubishi Electric Corporation	–	50,000
	–	70
The Keiyo Bank, Ltd.	–	100,000
	–	49
Inaba Denki Sangyo Co., Ltd.	–	15,730
	–	39
Sakura Rubber Co., Ltd.	–	12,000
	–	36
Kobe Electric Railway Co., Ltd.	–	10,000
	–	32
Fujikura Ltd.	–	51,000
	–	31
Odakyu Electric Railway Co., Ltd.	–	7,000
	–	14
Comsys Holdings Corporation	–	4,800
	–	12
Sumitomo Mitsui Trust Holdings, Inc.	–	3,033
	–	12
Okinawa Cellular Telephone Company	–	2,000
	–	9
Exeo Group, Inc.	–	4,068
	–	9
Aeon Co., Ltd.	–	612
	–	1
Nissan Tokyo Sales Holdings Co., Ltd.	–	1,000
	–	0

Specified investment shares held by MIRAIT Technologies Corporation

Stock	Current fiscal year	Previous fiscal year
	Number of shares (shares)	Number of shares (shares)
	Carrying amount on balance sheets (million yen)	Carrying amount on balance sheets (million yen)
SoftBank Corp.	–	112,102
	–	623
Nippon Telegraph and Telephone Corporation	–	142,400
	–	504
Hibiya Engineering, Ltd.	–	61,000
	–	111
KDDI Corporation	–	24,600
	–	98
NTT Data Corporation	–	35,000
	–	84
Sumitomo Densetsu Co., Ltd.	–	32,300
	–	71
Business Breakthrough, Inc.	–	20,000
	–	8
Mizuho Financial Group, Inc.	–	400
	–	0

Deemed holdings of shares
Not applicable.

3) Investment shares held for pure investment
Not applicable.

V. Financial Information

1. Basis for Preparation of Consolidated Financial Statements and Financial Statements

   (1) The consolidated financial statements of MIRAIT ONE Corporation (the "Company") are prepared in accordance with the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976; hereinafter the "Ordinance on Consolidated Financial Statements"), and are presented in accordance with the "Ordinance for Enforcement of the Construction Business Act" (Ordinance of the Ministry of Construction No. 14 of 1949).

   (2) Based on the provision of Article 2 of the "Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements, etc." (Ordinance of the Ministry of Finance No. 59 of 1963), the financial statements of the Company are prepared in accordance with the said Ordinance and the "Ordinance for Enforcement of the Construction Business Act" (Ordinance of the Ministry of Construction No. 14 of 1949).

2. Audit Certificate

   The Company's consolidated financial statements and financial statements for the fiscal year from April 1, 2022 to March 31, 2023 were audited by KPMG AZSA LLC, in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Special Measures to Ensure the Appropriateness of Consolidated Financial Statements, etc.

   As special measures to ensure the appropriateness of consolidated statements, etc., the Company has established a system that allows the Company to understand accounting standards properly and adapt to changes in accounting standards appropriately. Specifically, the Company has joined the Financial Accounting Standards Foundation, participates in seminars, and subscribes to accounting journals to provide education to ensure compliance with accounting standards, laws and regulations.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	*1 50,929	*1 32,482
Notes receivable - trade	1,273	1,979
Accounts receivable from completed construction contracts	*6 179,275	*6 188,152
Investments in leases	4,376	4,803
Costs on construction contracts in progress	*2, *3 30,916	*2, *3 31,717
Prepaid expenses	1,224	1,163
Accounts receivable - other	3,902	5,127
Other	4,252	7,091
Allowance for doubtful accounts	(15)	(12)
Total current assets	276,135	272,506
Non-current assets		
Property, plant and equipment		
Buildings and structures	66,344	67,585
Machinery, vehicles, tools, furniture and fixtures	19,531	22,691
Land	*4 35,445	*4 35,862
Leased assets	9,373	9,975
Construction in progress	629	1,788
Accumulated depreciation	(39,772)	(44,432)
Total property, plant and equipment	91,552	93,470
Intangible assets		
Customer related assets	12,723	12,315
Goodwill	20,576	20,687
Software	1,502	1,490
Software in progress	1,850	4,031
Other	258	197
Total intangible assets	36,912	38,723
Investments and other assets		
Investment securities	*1, *5 16,224	*1, *5 17,833
Retirement benefit asset	7,708	7,097
Deferred tax assets	3,651	4,004
Leasehold and guarantee deposits	1,813	1,592
Other	2,119	1,869
Allowance for doubtful accounts	(331)	(346)
Total investments and other assets	31,186	32,051
Total non-current assets	159,650	164,246
Total assets	435,785	436,752

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable - trade	2,096	1,079
Accounts payable for construction contracts	65,693	66,628
Short-term borrowings	50,107	21,505
Accounts payable - other	5,552	5,404
Lease obligations	3,537	3,305
Income taxes payable	5,077	3,595
Advances received on construction contracts in progress	7,341	5,302
Provision for loss on construction contracts	*3 1,406	*3 809
Provision for bonuses	8,336	8,532
Provision for bonuses for Directors (and other officers)	93	120
Provision for warranties for completed construction	204	94
Other	9,235	8,688
Total current liabilities	158,683	125,066
Non-current liabilities		
Long-term borrowings	35	30,011
Long-term accounts payable - other	798	105
Lease obligations	6,302	6,290
Deferred tax liabilities	3,738	3,486
Deferred tax liabilities for land revaluation	*4 41	*4 41
Provision for retirement benefits for Directors (and other officers)	79	89
Provision for share-based compensation	390	355
Retirement benefit liability	15,356	15,782
Asset retirement obligations	617	887
Other	503	329
Total non-current liabilities	27,865	57,380
Total liabilities	186,548	182,446
Net assets		
Shareholders' equity		
Share capital	7,000	7,000
Capital surplus	69,652	61,280
Retained earnings	175,815	184,041
Treasury shares	(15,844)	(12,329)
Total shareholders' equity	236,623	239,993
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,011	2,729
Revaluation reserve for land	*4 (98)	*4 (98)
Foreign currency translation adjustment	236	2,555
Remeasurements of defined benefit plans	2,347	1,638
Total accumulated other comprehensive income	5,497	6,824
Non-controlling interests	7,116	7,487
Total net assets	249,237	254,305
Total liabilities and net assets	435,785	436,752

2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales of completed construction contracts	*1 470,385	*1 483,987
Cost of sales of completed construction contracts	*2, *4 404,169	*2, *4 423,491
Gross profit on completed construction contracts	66,216	60,495
Selling, general and administrative expenses	*3, *4 33,411	*3, *4 38,692
Operating profit	32,804	21,803
Non-operating income		
Interest income	49	122
Dividend income	623	419
Share of profit of entities accounted for using equity method	206	–
Foreign exchange gains	176	–
Rental income from real estate	240	287
Surrender value of insurance policies	99	280
Other	281	318
Total non-operating income	1,677	1,427
Non-operating expenses		
Interest expenses	40	179
Share of loss of entities accounted for using equity method	–	67
Foreign exchange losses	–	126
Commission expenses	121	173
Infectious disease control costs	59	12
Other	107	287
Total non-operating expenses	329	846
Ordinary profit	34,152	22,384
Extraordinary income		
Gain on sale of non-current assets	*5 647	*5 124
Gain on sale of investment securities	3,256	1,104
Other	45	240
Total extraordinary income	3,949	1,469
Extraordinary losses		
Loss on sale of non-current assets	*6 28	*6 14
Loss on retirement of non-current assets	*7 111	*7 70
Impairment losses	*8 154	–
Loss on sale of investment securities	–	25
Business restructuring expenses	*9 165	*9 317
Loss on revision of retirement benefit plan	34	–
Other	102	183
Total extraordinary losses	597	610
Profit before income taxes	37,504	23,243

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Income taxes - current	13,153	8,272
Income taxes - deferred	(1,083)	(231)
Total income taxes	12,070	8,041
Profit	25,433	15,201
Profit attributable to:		
Profit attributable to non-controlling interests	270	420
Profit attributable to owners of parent	25,163	14,781
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,649)	(281)
Foreign currency translation adjustment	1,361	2,370
Remeasurements of defined benefit plans, net of tax	315	(723)
Share of other comprehensive income of entities accounted for using equity method	8	(49)
Total other comprehensive income	*10 35	*10 1,315
Comprehensive income	25,469	16,517
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	25,193	16,108
Comprehensive income attributable to non-controlling interests	275	408

3) Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,000	69,571	155,239	(10,888)	220,922
Cumulative effects of changes in accounting policies			63		63
Restated balance	7,000	69,571	155,303	(10,888)	220,986
Changes during period					
Dividends of surplus			(4,801)		(4,801)
Profit attributable to owners of parent			25,163		25,163
Purchase of treasury shares				(5,003)	(5,003)
Disposal of treasury shares		0		47	47
Cancellation of treasury shares					–
Increase by merger			62		62
Change in scope of consolidation			87		87
Change in ownership interest of parent due to transactions with non-controlling interests		81			81
Changes resulting from exclusion of equity method affiliates					–
Net changes in items other than shareholders' equity					
Total changes during period	–	81	20,512	(4,955)	15,637
Balance at end of period	7,000	69,652	175,815	(15,844)	236,623

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,660	(98)	(1,126)	2,031	5,466	4,934	231,323
Cumulative effects of changes in accounting policies							63
Restated balance	4,660	(98)	(1,126)	2,031	5,466	4,934	231,387
Changes during period							
Dividends of surplus							(4,801)
Profit attributable to owners of parent							25,163
Purchase of treasury shares							(5,003)
Disposal of treasury shares							47
Cancellation of treasury shares							–
Increase by merger							62
Change in scope of consolidation							87
Change in ownership interest of parent due to transactions with non-controlling interests							81
Changes resulting from exclusion of equity method affiliates							–
Net changes in items other than shareholders' equity	(1,648)	–	1,363	315	30	2,182	2,212
Total changes during period	(1,648)	–	1,363	315	30	2,182	17,850
Balance at end of period	3,011	(98)	236	2,347	5,497	7,116	249,237

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,000	69,652	175,815	(15,844)	236,623
Cumulative effects of changes in accounting policies					–
Restated balance	7,000	69,652	175,815	(15,844)	236,623
Changes during period					
Dividends of surplus			(5,924)		(5,924)
Profit attributable to owners of parent			14,781		14,781
Purchase of treasury shares				(4,998)	(4,998)
Disposal of treasury shares		(0)		118	118
Cancellation of treasury shares		(8,394)		8,394	–
Increase by merger					–
Change in scope of consolidation					–
Change in ownership interest of parent due to transactions with non-controlling interests		23			23
Changes resulting from exclusion of equity method affiliates			(630)		(630)
Net changes in items other than shareholders' equity					
Total changes during period	–	(8,371)	8,226	3,514	3,369
Balance at end of period	7,000	61,280	184,041	(12,329)	239,993

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,011	(98)	236	2,347	5,497	7,116	249,237
Cumulative effects of changes in accounting policies							–
Restated balance	3,011	(98)	236	2,347	5,497	7,116	249,237
Changes during period							
Dividends of surplus							(5,924)
Profit attributable to owners of parent							14,781
Purchase of treasury shares							(4,998)
Disposal of treasury shares							118
Cancellation of treasury shares							–
Increase by merger							–
Change in scope of consolidation							–
Change in ownership interest of parent due to transactions with non-controlling interests							23
Changes resulting from exclusion of equity method affiliates							(630)
Net changes in items other than shareholders' equity	(281)	–	2,318	(709)	1,327	371	1,698
Total changes during period	(281)	–	2,318	(709)	1,327	371	5,068
Balance at end of period	2,729	(98)	2,555	1,638	6,824	7,487	254,305

4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	37,504	23,243
Depreciation	6,865	8,030
Impairment losses	154	–
Amortization of goodwill	514	1,426
Share of loss (profit) of entities accounted for using equity method	(206)	67
Increase (decrease) in allowance for doubtful accounts	(60)	11
Increase (decrease) in provision for bonuses	309	196
Increase (decrease) in provision for loss on construction contracts	(559)	(597)
Increase (decrease) in other provisions	32	(107)
Increase (decrease) in remeasurements of defined benefit plans	315	(709)
Increase (decrease) in net defined benefit asset and liability	(281)	1,037
Interest and dividend income	(672)	(541)
Interest expenses	40	179
Foreign exchange losses (gains)	(176)	126
Loss (gain) on sale of investment securities	(3,256)	(1,078)
Loss (gain) on sale and retirement of non-current assets	(507)	(40)
Decrease (increase) in trade receivables	(4,303)	(7,982)
Decrease (increase) in costs on construction contracts in progress	486	(984)
Increase (decrease) in trade payables	(3,142)	(147)
Increase (decrease) in advances received on construction contracts in progress	345	(2,385)
Increase (decrease) in accrued consumption taxes	(4,666)	(323)
Decrease (increase) in consumption taxes refund receivable	(1,533)	(309)
Increase/decrease in other assets/liabilities	(827)	(4,383)
Other, net	351	273
Subtotal	26,727	15,001
Interest and dividends received	715	594
Interest paid	(40)	(179)
Income taxes paid	(14,429)	(10,100)
Net cash provided by (used in) operating activities	12,972	5,315
Cash flows from investing activities		
Payments into time deposits	(1,377)	(1,276)
Proceeds from withdrawal of time deposits	1,296	1,269
Purchase of property, plant and equipment	(8,592)	(5,595)
Proceeds from sale of property, plant and equipment	785	363
Purchase of intangible assets	(2,346)	(2,241)
Purchase of investment securities	(259)	(4,704)
Proceeds from sale of investment securities	8,617	3,001
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 (43,410)	–
Net decrease (increase) in short-term loans receivable	(734)	(103)
Payments for acquisition of businesses	–	*3 (3,266)
Proceeds from cancellation of insurance funds	101	231
Other, net	(284)	9
Net cash provided by (used in) investing activities	(46,204)	(12,314)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	49,920	(28,602)
Proceeds from long-term borrowings	–	29,826
Repayments of long-term borrowings	(26)	(24)
Purchase of treasury shares	(5,003)	(4,998)
Payments for deposit to purchase treasury shares	–	(1,005)
Dividends paid	(4,794)	(5,924)
Dividends paid to non-controlling interests	(112)	(115)
Repayments of finance lease obligations	(1,470)	(1,659)
Other, net	(117)	(67)
Net cash provided by (used in) financing activities	38,395	(12,571)
Effect of exchange rate change on cash and cash equivalents	810	1,068
Net increase (decrease) in cash and cash equivalents	5,973	(18,501)
Cash and cash equivalents at beginning of period	42,851	48,901
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	75	–
Cash and cash equivalents at end of period	*1 48,901	*1 30,399

Notes to Consolidated Financial Statements

Significant accounting policies for preparation of consolidated financial statements

1. Disclosure of scope of consolidation

A. Number of consolidated subsidiaries: 76

Name of major consolidated subsidiaries

The information is stated in "I. Overview of Company, 4. Subsidiaries and Other Affiliated Entities."

The scope of consolidation changed during the current fiscal year as follows.

- Futatsuyama Construction Co., Ltd. was added to the scope of consolidation as its shares were acquired by TTK Co., Ltd.
- MIRAIT Technologies Myanmar Co., Ltd was removed from the scope of consolidation following its dissolution.
- MIRAIT Corporation and MIRAIT Technologies Corporation were removed from the scope of consolidation following their dissolution as a result of an absorption-type merger by which the Company became a surviving company.
- Infilan Pte Ltd. was removed from the scope of consolidation following its dissolution.

B. Number of non-consolidated subsidiaries: 5

Name of major non-consolidated subsidiaries

MIRAIT PHILIPPINES INC.

Reason for exclusion from the scope of consolidation

They are excluded from the scope of consolidation because they are insignificant in size, and have no material impact on consolidated financial statements in terms of the total amount of items including total assets, net sales, profit (loss) (amount proportionate to the Company's equity interests), and retained earnings (amount proportionate to the Company's equity interests).

2. Disclosure about application of equity method

A. Number of non-consolidated subsidiaries accounted for using equity method: 1

Name of major companies, etc.

MIRAIT PHILIPPINES INC.

B. Number of affiliates accounted for using equity method: 10

Name of major companies, etc.

LBS Digital Infrastructure Corp.

The scope of the application of equity method changed during the current fiscal year as follows.

- LBS Digital Infrastructure Corp. was added to the scope of the application of equity method as the Company newly acquired its shares.
- Nishinihon Shizai DX Co., Ltd. was removed from the scope of the application of equity method following its dissolution as a result of an absorption-type merger.

C. Name of non-consolidated subsidiaries and affiliates not accounted for using equity method

Name of major companies, etc.

(Non-consolidated subsidiary) DAIMEI SLK (PRIVATE) LIMITED

(Affiliate) Shizai Linkcom Co., Ltd.

Reason for non-application of equity method

The non-consolidated subsidiaries and affiliates not accounted for using equity method were excluded from the scope of equity method because such exclusion have minor impact on the consolidated financial statements in terms of the total amount of items including profit (loss) (amount proportionate to the Company's equity interests) and retained earnings (amount proportionate to the Company's equity interests), and have no materiality as a whole.

3. Disclosure about fiscal years, etc. of consolidated subsidiaries

Some consolidated subsidiaries including MIRAIT Technologies Australia Pty. Limited and Lantrovision (S) Ltd. have a balance sheet date of December 31. As the difference with the consolidated balance sheet date does not exceed three months, the financial statements of these subsidiaries with such fiscal year end are used. However, adjustments necessary in consolidation are made for material transactions that have occurred between the balance sheet date of these subsidiaries and the consolidated balance sheet date.

The balance sheet date of other consolidated subsidiaries is the same as the consolidated balance sheet date.

4. Disclosure of accounting policies

(1) Accounting policy for measuring significant assets

A. Securities

Available-for-sale securities

a. Securities other than shares, etc. that do not have a market price

Stated at fair value using the market-to-market method (with any unrealized gain or loss being recognized directly in net assets and the cost of securities sold being determined using the moving-average method).

b. Shares, etc. that do not have a market price

Stated at cost using the moving-average method.

B. Inventories

a. Costs on construction contracts in progress

Stated at cost using the specific identification method.

b. Merchandise

Stated at cost using the moving average method (a method in which book value is written down based on any decline in profitability).

c. Raw materials and supplies

Primarily stated at cost using the moving average method (a method in which book value is written down based on any decline in profitability).

(2) Accounting policy for depreciation/amortization of significant depreciable assets

A. Property, plant and equipment (excluding leased assets)

Depreciated primarily by using the declining-balance method. However, buildings (except for facilities attached to buildings) acquired by the Company on or after April 1, 1998, facilities attached to buildings and structures acquired on or after April 1, 2016, and assets and solar power generation facilities for data center business are depreciated on a straight-line basis. Minor depreciable assets with an acquisition cost of 100,000 yen or more but less than 200,000 yen are depreciated on a straight-line basis over three years.

The principal useful lives are as follows:

Building: 5 to 65 years

Others: 2 to 50 years

Assets acquired on or before March 31, 2007 are depreciated on a straight-line basis over five years from the fiscal year following the completion of depreciation to the depreciable limit, and such depreciation is recorded in Depreciation.

B. Intangible assets (excluding leased assets and goodwill)

Amortized on a straight-line basis.

Software for internal use is amortized on a straight-line basis over the estimated useful life of 5 years.

Customer related assets are amortized on a straight-line basis over a period for which it is expected to bring benefit (10 to 20 years).

C. Leased assets (leased assets in finance lease transactions that do not transfer ownership)

Depreciated on a straight-line basis using the lease term as the useful life and with zero residual value.

Overseas consolidated subsidiaries prepare financial statements in accordance with International Financial Reporting Standards (IFRS), and have applied IFRS 16 “Leases” (hereinafter referred to as “IFRS 16”). Under IFRS 16, as a general rule, lessees recognize all leases as assets and liabilities on the balance sheet, and the capitalized right-of-use assets are depreciated on a straight- line basis.

(3) Accounting policy for significant provisions and allowance

A. Allowance for doubtful accounts

To provide for potential credit losses on receivables, allowance for doubtful accounts is recorded at an amount of estimated uncollectible receivables calculated based on the historical rate of credit loss for general receivables and determined in consideration of collectability of individual receivables for doubtful accounts and certain other receivables.

B. Provision for loss on construction contracts

To provide for future losses on construction contracts, provision is recorded in the amount of estimated losses for uncompleted construction contracts at the end of the current fiscal year that are likely to incur losses and for which the amount of losses can be reasonably estimated.

C. Provision for bonuses

To provide for the payment of bonuses to employees, provision for bonuses is recorded based on the estimated amount to be paid for the current fiscal year.

D. Provision for bonuses for Directors (and other officers)

At certain consolidated subsidiaries, to provide for the payment of bonuses to officers, provision for bonuses for Directors (and other officers) is recorded based on the estimated amount to be paid for the current fiscal year.

E. Provision for warranties for completed construction

To provide for costs of warranty against defects in completed construction, provision is recorded at an amount calculated based on the warranty loss rate for a certain period of time in the past.

F. Provision for retirement benefits for Directors (and other officers)

At certain consolidated subsidiaries, to provide for the payment of retirement benefit to officers, provision is recorded based on the estimated retirement benefits payable at the end of the current fiscal year in accordance with their internal rules.

G. Provision for share-based compensation

To provide for delivery of shares of the Company by the Board Benefit Trust, provision is recorded at an estimated amount of share compensation based on the number of points allotted to officers in accordance with the Officer Stock Benefit Rules.

(4) Accounting policy for retirement benefits

To provide for the payment of retirement benefits to employees, the amount of retirement benefit obligations minus plan assets is recorded as retirement benefit liability or retirement benefit asset, based on the estimated amounts at the end of the current fiscal year.

A. Method of attributing estimated retirement benefits to accounting periods

In calculating retirement benefit obligations, the benefit formula basis is used to attribute the estimated amount of retirement benefits to periods up to the current fiscal year.

B. Method of accounting for actuarial gains and losses and past service cost

Actuarial gains and losses are amortized on a straight-line basis over a certain number of years (10 to 15 years) within the average remaining service period of employees at the time of recognition, from the fiscal year following the respective fiscal year of recognition.

Past service cost is amortized on a straight-line basis over a certain number of years (10 to 15 years) within the average remaining service period of employees at the time of recognition.

C. Application of the simplified method for small businesses

In calculating their retirement benefit liability and retirement benefit expenses, some consolidated subsidiaries apply a simplified method in which the necessary retirement benefit provisions for voluntary resignations at the end of the fiscal year are recognized as retirement benefit obligations.

(5) Accounting policy for recognition of significant revenues and expenses

The details of the main performance obligations in the major businesses related to revenue from contracts with the Group's customers and the timing at which the Group typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

A. Construction contracts

Contract construction work includes telecommunications work, etc., for which construction contracts are concluded.

Performance obligations for these contracts are deemed to be satisfied over time, and revenue is recognized based on the progress toward complete satisfaction of the performance obligation.

The progress of the construction activity is measured for each contract based on the proportion of construction costs incurred to fulfill performance obligations by the end of the period to the total expected construction costs. In some circumstances, the Group may not be able to reasonably measure the progress of a performance obligation, but expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Group recognizes revenue only to the extent of the costs incurred until such time that it can reasonably measure the progress of the performance obligation.

For construction contracts with a very short period of time between the transaction commencement date and the time when the performance obligation is expected to be fully satisfied, an alternative treatment is applied. Revenue of such contracts is not recognized over a certain period of time; but is recognized when the performance obligation is fully satisfied.

Consideration for transactions involving construction contracts is generally received within approximately two months after the customer's acceptance. Such transactions do not contain a significant financing component, or a significant amount of variable consideration.

B. Sale of goods

Revenue from sale of goods such as information and telecommunications equipment is recognized when they are delivered to the customer, whereby the Group transfers control over the goods to the customer and satisfies the performance obligations.

Other parties are engaged in the sale of certain information and telecommunications equipment and office supplies. The entire process of manufacturing, shipping and delivery of such goods is performed by other parties, and the Group does not have any inventory risk or discretion in establishing prices. The performance obligations of the Group are to arrange for the goods to be provided by such other parties and, therefore, the Group considers that it is acting as an agent in the transactions, and recognizes revenue at the net amount after deducting the amount that is paid to the supplier of such goods from the amount received from customers.

Consideration for transactions involving the sale of goods is generally received within approximately three months after the delivery of the goods. Such transactions do not contain a significant financing component, or a significant amount of variable consideration.

C. Contracted services

Revenue from contracted services, such as maintenance and inspection of telecommunications facilities, is recognized at the time of completion of service provision, whereby the Group transfers control over services to customers and satisfies its performance obligations.

Consideration for transactions involving contracted services is generally received within approximately two months after the completion of the services. Such transactions do not contain a significant financing component, or a significant amount of variable consideration.

(6) Accounting policy for goodwill

Goodwill is amortized on a straight-line basis over 5 to 20 years.

(7) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible into cash and exposed to only an insignificant risk of fluctuation in value.

Significant accounting estimates

1. Net sales of completed construction contracts recognized over time

(1) Amount recorded in the consolidated financial statements for the current fiscal year

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales of completed construction contracts	98,922	128,742

(2) Other information that helps users of the consolidated financial statements better understand the details of the accounting estimates

1) Calculation method for the amount recorded in the consolidated financial statements for the current fiscal year

Revenue is recognized based on the progress toward complete satisfaction of a performance obligation.

The progress of the construction activity is measured for each contract based on the proportion of construction costs incurred to fulfill performance obligations by the end of the period to the total expected construction costs. Net sales of completed construction contracts are calculated by multiplying the total construction revenue by such degree of progress.

2) Major assumptions used in the calculation of the amount recorded in the consolidated financial statements for the current fiscal year

- Total construction cost

The total construction cost is estimated based on the budget for each construction contract. A budget is formed by compiling information about unit prices and quantities of materials and subcontracting services according to construction methods, specifications, and work processes. Even after construction starts, the Company revises the estimate of total construction cost in a timely and appropriate manner by continuously comparing the preliminary estimate based on the budget with actual results.

- Total construction revenue

The total construction revenue is estimated based on the amount of consideration promised with the customer, considering a change to the transaction price due to a change in the scope of contract.

3) Impact on the consolidated financial statements for the next fiscal year

Estimates of total construction costs and revenues may vary due to various factors, including changes in construction specifications, fluctuations in material prices, construction interruptions due to natural disasters or outbreaks of pandemics, material shortages, supply chain disruptions, and events that were not apparent at the time of budget formulation. These factors may have a significant impact on net sales of completed construction contracts that are recognized over a certain period in the consolidated financial statements for the next fiscal year.

2. Provision for loss on construction contracts

(1) Amount recorded in the consolidated financial statements for the current fiscal year

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Provision for loss on construction contracts	1,406	809

(2) Other information that helps users of the consolidated financial statements better understand the details of the accounting estimates

1) Calculation method for the amount recorded in the consolidated financial statements for the current fiscal year

For construction contracts that are likely to incur losses and for which the amount of losses can be reasonably estimated, the Company estimates the total construction costs and total construction revenues and records the estimated future losses in provision for loss.

2) Major assumptions used in the calculation of the amount recorded in the consolidated financial statements for the current fiscal year

- Total construction cost

The total construction cost is estimated based on the budget for each construction contract. A budget is formed by compiling information about unit prices and quantities of materials and subcontracting services according to construction methods, specifications, and work processes. Even after construction starts, the Company revises the estimate of total construction cost in a timely and appropriate manner by continuously comparing the preliminary estimate based on the budget with actual results.

- Total construction revenue

The total construction revenue is estimated based on the amount of consideration promised with the customer, considering a change to the transaction price due to a change in the scope of contract.

3) Impact on the consolidated financial statements for the next fiscal year

Estimates of total construction costs and revenues may vary due to various factors, including changes in construction specifications, fluctuations in material prices, construction interruptions due to natural disasters or outbreaks of pandemics, material shortages, supply chain disruptions, and events that were not apparent at the time of budget formulation. These factors may have a significant impact on the amount of provision for loss on construction contracts in the consolidated financial statements for the next fiscal year.

Changes in accounting policies

Application of Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company has adopted the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31 dated June 17, 2021) from the beginning of the consolidated current fiscal year. In accordance with the transitional treatment provided in Article 27-2 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement", the new accounting policy set forth in the Guidance is applied prospectively. This has negligible effect on the consolidated financial statements.

(Accounting standards, etc. yet to be applied)

• "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022)
• "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022)
• "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022)

(1) Outline

The standards set forth guidance on which line to recognize corporate income tax, etc., when items in other comprehensive income are taxed, and the tax effect accounting for the sale of subsidiaries' shares under the group taxation regime.

(2) Scheduled date of application

Scheduled to be applied from the beginning of the fiscal year ending March 31, 2025.

(3) Impact of the application of the accounting standards, etc.

The Group is currently evaluating the impact of the application of these accounting standards, etc.

Changes in methods of presentation

Consolidated balance sheets

The Company has decided to present "Long-term borrowings," previously included in "Other" under "Non-current liabilities," as a separate item from the consolidated current fiscal year, given that its quantitative materiality has increased. The consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

Consequently, "Other" of 538 million yen under Non-current liabilities in the consolidated balance sheets of the previous fiscal year has been reclassified as "Long-term borrowings" of 35 million yen and "Other" of 503 million yen.

Additional information

Board Benefit Trust for Directors and executive officers of the Company and certain subsidiaries of the Company

The Company has introduced the "Board Benefit Trust" performance-linked stock-based remuneration system for Directors and executive officers of the Company and its subsidiaries (excluding outside Directors and non-executive Directors; hereinafter collectively referred to as the "Group's Officers").

1. Overview of transaction

   Through the system, shares of the Company are acquired through a trust using funds contributed by the Company, and in principle, provided to the Group's Officers in accordance with the Officer Stock Benefit Rules stipulated by the Boards of Directors of each Group company.

   As a general rule, the Group's Officers receive benefits when they retire from their positions as Group's Officers.

2. The Company's shares remaining in the trust

   The Company's shares remaining in the trust are recorded as treasury shares under net assets at the book value in the trust (excluding the amount of incidental expenses). The book value and the number of such treasury shares as of April 1, 2022 and March 31, 2023 were 528 million yen and 389,000 shares, and 410 million yen and 303,000 shares, respectively.

Consolidated balance sheets

*1 Assets pledged as collateral and secured liabilities

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Cash and deposits (Note)	45	43
Investment securities (Note)	–	3

Note: These are pledged as collateral to guarantee business transactions.

*2 Details of costs on construction contracts in progress, etc.

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Costs on construction contracts in progress	25,843	25,230
Merchandise	1,450	2,333
Raw materials and supplies	3,621	4,153

*3 Presentation of costs on construction contracts in progress and provision for loss on construction contracts

Costs on construction contracts in progress and provision for loss on construction contracts related to construction contracts with anticipated losses are separately presented without being set off. Of the costs on construction contracts in progress with anticipated losses, the amount corresponding to the provision for loss on construction contract is as follows.

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Costs on construction contracts in progress	139	375

*4 Land revaluation

In accordance with the Act on Revaluation of Land (Act No. 34 promulgated on March 31, 1998), certain consolidated subsidiaries revaluated their land for business use. The revaluation reserve for land, net of deferred tax liabilities for land revaluation, is recognized as a component of net assets after making adjustments necessary for consolidation.

(1) Revaluation method

The fair value of land is determined based on official notice prices that are calculated by the method assessed and published by the Commissioner of the National Tax Agency. The method is intended for calculating land value that forms the basis for calculating property tax amounts prescribed in Article 16 of the Land Value Tax Act (Act No. 69 of 1991), as stipulated in Article 2, item 4 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 promulgated on March 31, 1998). Reasonable adjustments are made to the official notice prices.

(2) Date of revaluation:

March 31, 2002

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Difference between the fair value of the revalued land at the end of fiscal year and the revaluated book value after the revaluation:	736	739

*5 Items related to non-consolidated subsidiaries and affiliates are as follows.

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Investment securities (equity securities)	4,100	7,517

*6 Receivable and contract asset balances for contracts with customers

Receivable and contract asset balances for contracts with customers are shown in “Revenue recognition 2.(1) Contract asset and contract liability balances.”

*7 Contingent liabilities

Guarantee obligations

The Company guarantees housing loans of employees as follows.

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Employees	73	60

Consolidated statements of income and comprehensive income

*1 Revenue from contracts with customers

The Company does not disaggregate revenues from contracts with customers and other sources of revenue for net sales of completed construction contracts. Please see "Notes to Consolidated Financial Statements, *Revenue recognition,* 1. Disaggregation of revenue from contracts with customers" for details.

*2 Provision for loss on construction contracts included in cost of sales of completed construction contracts is as follows.

(Millions of yen)

Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
70	180

*3 Major items and amounts of selling, general and administrative expenses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Employees' salaries and allowances	15,054	16,857
Depreciation	1,915	2,499
Retirement benefit expenses	655	693

*4 Research and development expenses included in general and administrative expenses and cost of sales of completed construction contracts are as follows.

(Millions of yen)

Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
140	116

*5 Details of gain on sale of non-current assets are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Land	629	73
Buildings and structures	–	22
Machinery, vehicles, tools, furniture and fixtures	17	28
Total	647	124

*6 Details of loss on sale of non-current assets are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Land	21	13
Machinery, vehicles, tools, furniture and fixtures	–	0
Other	6	–
Total	28	14

*7 Details of loss on retirement of non-current assets are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Buildings and structures	39	51
Machinery, vehicles, tools, furniture and fixtures	72	18
Total	111	70

*8 Impairment losses

Fiscal year ended March 31, 2022

The Group recorded impairment loss on the following asset group.

Location	Purpose of use	Class	Impairment loss (million yen)
Matsumori, Izumi-ku, Sendai City	Idle assets	Land and buildings, etc.	154
Total			154

The Group reduced the carrying amount of the idle assets to their recoverable amounts because it no longer expects to recover its investment due to a decline in market value.

Asset grouping method

The Group groups its assets by business segment, based on management accounting categories, while grouping assets for idle assets by individual properties.

Method for calculating recoverable amount

The recoverable amount of the idle assets is measured by net selling price, which is calculated by making reasonable adjustments to the appraisal value based on the Real Estate Appraisal Standards or assessed value for property tax purposes.

Fiscal year ended March 31, 2023

Not applicable.

*9 Details of business restructuring expenses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Office relocation expenses and restoration cost due to business restructuring	165	317
Total	165	317

*10 Notes regarding reclassification adjustments and tax effects relating to other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Valuation difference on available-for-sale securities		
Amount arising during period	627	606
Reclassification adjustments	(2,904)	(1,009)
Before tax effect adjustment	(2,276)	(402)
Tax effect	627	120
Valuation difference on available-for-sale securities	(1,649)	(281)
Foreign currency translation adjustment		
Amount arising during period	1,361	2,370
Reclassification adjustments	(0)	–
Foreign currency translation adjustment	1,361	2,370
Remeasurements of defined benefit plans		
Amount arising during period	561	(949)
Reclassification adjustments	(105)	(77)
Before tax effect adjustment	455	(1,027)
Tax effect	(139)	303
Remeasurements of defined benefit plans, net of tax	315	(723)
Share of other comprehensive income of entities accounted for using equity method		
Amount arising during period	8	(49)
Total other comprehensive income	35	1,315

Consolidated statement of changes in net assets

Fiscal year ended March 31, 2022

1. Class and total number of issued shares and class and number of treasury shares

	Number of shares at beginning of period (Thousands of shares)	Increase during the period (Thousands of shares)	Decrease during the period (Thousands of shares)	Number of shares at end of period (Thousands of shares)
Issued shares				
Common stock	108,325	–	–	108,325
Total	108,325	–	–	108,325
Treasury shares				
Common stock	6,907	2,488	35	9,360
Total	6,907	2,488	35	9,360

Notes: 1 The above number of treasury shares includes the number of the Company's shares (389 thousand shares as of March 31, 2022) held by Custody Bank of Japan, Ltd. (Trust Account E) related to the Board Benefit Trust system.

2 The increase of 2,488 thousand shares in the number of treasury shares is due to the following reasons:
Repurchase of treasury shares through market purchases: 2,486 thousand shares
Increase due to purchase of shares less than one unit in response to such request: 1 thousand shares

3 The decrease of 35 thousand shares in the number of treasury shares is due to the following reasons:
Decrease due to payment of stock benefits to retired officers: 35 thousand shares
Decrease due to sale of shares to meet top-up demands for shares of less than one unit: 0 thousand shares

2. Dividends

(1) Amount of dividends paid

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend paid per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2021	Common stock	2,291	22.50	March 31, 2021	June 25, 2021
Board of Directors' meeting held on November 12, 2021	Common stock	2,509	25.00	September 30, 2021	November 30, 2021

Notes: 1 The total amount of dividends paid based on the resolution at the Ordinary General Meeting of Shareholders held on June 24, 2021 includes dividends of 9 million yen paid on the Company's shares held by trusts.

2 The total amount of dividends paid based on the resolution at the Board of Directors' meeting held on November 12, 2021 includes dividends of 9 million yen paid on the Company's shares held by trusts.

(2) Dividends with a record date in the current fiscal year, but an effective date in the following fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (million yen)	Dividend paid per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 14, 2022	Common stock	Retained earnings	2,980	30.00	March 31, 2022	June 15, 2022

Note: The total amount of dividends paid based on the resolution at the Ordinary General Meeting of Shareholders held on June 14, 2022 includes dividends of 11 million yen paid on the Company's shares held by trusts.

Fiscal year ended March 31, 2023

1. Class and total number of issued shares and class and number of treasury shares

	Number of shares at beginning of period (Thousands of shares)	Increase during the period (Thousands of shares)	Decrease during the period (Thousands of shares)	Number of shares at end of period (Thousands of shares)
Issued shares				
Common stock	108,325	–	5,000	103,325
Total	108,325	–	5,000	103,325
Treasury shares				
Common stock	9,360	3,143	5,086	7,417
Total	9,360	3,143	5,086	7,417

Notes: 1 The decrease of 5 thousand shares in the number of issued shares is due to the cancellation of treasury shares.
2 The number of treasury shares includes the number of the Company's shares (303 thousand shares as of March 31, 2023) held by Custody Bank of Japan, Ltd. (Trust Account E) related to the Board Benefit Trust system.
3 The increase of 3,143 thousand shares in the number of treasury shares is due to the following:
Repurchase of treasury shares through market purchases: 3,142 thousand shares
Increase due to purchase of shares less than one unit in response to such request: 1 thousand shares
4 The decrease of 5,086 thousand shares in the number of treasury shares is due to the following:
Decrease due to the cancellation of treasury shares: 5,000 thousand shares
Decrease due to payment of stock benefits to retired officers: 86 thousand shares
Decrease due to sale of shares to meet top-up demands for shares of less than one unit: 0 thousand shares

2. Dividends

(1) Amount of dividends paid

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend paid per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 14, 2022	Common stock	2,980	30.00	March 31, 2022	June 15, 2022
Board of Directors' meeting held on November 11, 2022	Common stock	2,943	30.00	September 30, 2022	November 30, 2022

Notes: 1 The total amount of dividends paid based on the resolution at the Ordinary General Meeting of Shareholders held on June 14, 2022 includes dividends of 11 million yen paid on the Company's shares held by trusts.
2 The total amount of dividends paid based on the resolution at the Board of Directors' meeting held on November 11, 2022 includes dividends of 9 million yen paid on the Company's shares held by trusts.

(2) Dividends with a record date in the current fiscal year, but an effective date in the following fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (million yen)	Dividend paid per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2023	Common stock	Retained earnings	2,886	30.00	March 31, 2023	June 28, 2023

Note: The total amount of dividends paid based on the resolution at the Ordinary General Meeting of Shareholders held on June 27, 2023 includes dividends of 9 million yen paid on the Company's shares held by trusts.

Consolidated statement of cash flows

*1 Reconciliation of ending balance of cash and cash equivalents with account balances per consolidated balance sheets

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash and deposits	50,929	32,482
Time deposits, etc. with maturity over three months	(2,028)	(2,082)
Cash and cash equivalents	48,901	30,399

*2 Principal assets and liabilities of companies that became consolidated subsidiaries due to share acquisitions

Fiscal year ended March 31, 2022

The following are principal assets and liabilities of SEIBU CONSTRUCTION Co., LTD., at the time when it was newly included in the scope of consolidation due to the acquisition of its shares, as well as the reconciliation between the acquisition cost and the payment for the acquisition (net). Significant adjustments are made to initial allocation of purchase cost, accompanying the finalization of the provisional accounting for business combination.

(Millions of yen)

Current assets	47,956
Non-current assets	15,755
Goodwill	17,770
Current liabilities	(15,211)
Non-current liabilities	(3,155)
Non-controlling interests	(1,913)
Acquisition cost of shares	61,202
Cash and cash equivalents	(17,792)
Net: Payment for acquisition	43,410

Fiscal year ended March 31, 2023

Not applicable.

*3 Principal assets and liabilities related to acquisition of business in which cash and cash equivalents are used as consideration.

Fiscal year ended March 31, 2022

Not applicable.

Fiscal year ended March 31, 2023

The breakdown of assets acquired from business acquisition, and the purchase price and the amount paid for business acquisition (net) are as follows:

(Millions of yen)

Non-current assets	2,124
Goodwill	1,141
Purchase price of business acquisition	3,266
Cash and cash equivalents	–
Net: Payments for acquisition of business	3,266

4. Significant non-monetary transactions

The amounts of assets and obligations related to finance lease transactions are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Amounts of assets and obligations related to finance lease transactions that were newly recorded	2,072	1,129

Leases

1. Finance lease transactions

As lessee

Finance lease transactions that do not transfer ownership

(1) Description of leased assets

1) Property, plant and equipment

Mainly machinery, vehicles, tools, furniture and fixtures

2) Intangible assets

Software

(2) Accounting policy for depreciation of leased assets

Depreciated on a straight-line basis using the lease term as the useful life and with zero residual value.

Overseas consolidated subsidiaries prepare financial statements in accordance with International Financial Reporting Standards (IFRS), and have applied IFRS 16 “Leases” (hereinafter referred to as “IFRS 16”). In accordance with IFRS 16, as a general rule, all leases are recognized as assets and liabilities on the balance sheet, and the capitalized right-of-use assets are depreciated on a straight- line basis.

2. Lease receivables and investments in leases, and lease obligations under sublease transactions recorded in the consolidated balance sheet at the amount before deducting interest equivalents

(1) Lease receivables and investments in leases

		(Millions of yen)
	As of March 31, 2022	As of March 31, 2023
Current assets	4,283	4,803

(2) Lease obligations

		(Millions of yen)
	As of March 31, 2022	As of March 31, 2023
Current liabilities	1,646	1,822
Non-current liabilities	2,768	3,371

Financial instruments

1. Status of financial instruments

(1) Policies on financial instruments

The Group's policy is to invest surplus funds in highly safe, short-term financial assets and not to engage in speculative transactions.

(2) Nature and risks of financial instruments and our risk management structure

Accounts receivable from completed construction contracts are exposed to customers' credit risk. With regard to this risk, the Group properly assesses the creditworthiness of the counterparty based on credit research materials and other information in accordance with its internal rules before making a decision on entering into the transaction.

Investment securities are exposed to the risk of market price fluctuations. They are mainly stocks of companies with which the Company has business relationships and are managed by periodically monitoring their market values.

Long-term borrowings are for the purpose of financing share purchase. Long-term borrowings made under syndicated loan agreement contains financial covenant which may impact the Company and the Group's future growth, performance, and financial conditions due to tightened cash flow, if the lender requests for acceleration in the event of breach of such covenant.

2. Fair value of financial instruments

The consolidated balance sheet amounts and fair value of financial instruments and their differences are as follows. Shares, etc. that do not have a market price are not included in the financial instruments.

As of March 31, 2022

(Millions of yen)

Account	Consolidated balance sheet amount	Fair value	Difference
(1) Accounts receivable from completed construction contracts	134,354	134,354	(0)
(2) Investment securities (*2)			
Available-for-sale securities	10,502	10,502	–
Total assets	144,856	144,856	(0)

(*1) Because "Cash and deposits" comprise cash and "accounts payable for construction contracts" are short-term instruments whose carrying amount approximates their fair value, they are omitted.

(*2) Shares, etc. that do not have a market price

Category	As of March 31, 2022 (million yen)
Unlisted shares	5,722

Unlisted shares are not included in "(2) Investment securities."

As of March 31, 2023

(Millions of yen)

Account	Consolidated balance sheet amount	Fair value	Difference
(1) Accounts receivable from completed construction contracts	152,618	152,618	(0)
(2) Investment securities (*2)			
Available-for-sale securities	8,856	8,856	–
Total assets	161,475	161,475	(0)
(1) Long-term borrowings	30,011	30,011	–
Total liabilities	30,011	30,011	–

(*1) Because "Cash and deposits" comprise cash and "accounts payable for construction contracts" are short-term instruments whose carrying amount approximates their fair value, they are omitted.

(*2) Shares, etc. that do not have a market price

Category	As of March 31, 2023 (million yen)
Unlisted shares	8,976

Unlisted shares are not included in "(2) Investment securities."

Note 1. Redemption schedule of monetary receivables after the consolidated balance sheet date.

As of March 31, 2022

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	50,929	–	–	–
Accounts receivable from completed construction contracts	134,101	252	–	–
Total	185,031	252	–	–

As of March 31, 2023

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	32,482	–	–	–
Accounts receivable from completed construction contracts	152,298	320	–	–
Total	184,780	320	–	–

Note 2. Repayment schedule of monetary obligations after the consolidated balance sheet date.

As of March 31, 2022

This information is omitted due to its immateriality.

As of March 31, 2023

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Long-term borrowings	–	30,011	–	–

3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and significance of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs that are quoted prices of identical assets or liabilities in active markets.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input in measurement of fair value from among the levels those inputs belong.

(1) Financial instruments measured at fair value

As of March 31, 2022

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	10,502	–	–	10,502
Total assets	10,502	–	–	10,502

As of March 31, 2023

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	8,856	–	–	8,856
Total assets	8,856	–	–	8,856

(2) Financial instruments other than those measured at fair value

As of March 31, 2022

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Accounts receivable from completed construction contracts	–	134,354	–	134,354
Total assets	–	134,354	–	134,354

As of March 31, 2023

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Accounts receivable from completed construction contracts	–	152,618	–	152,618
Total assets	–	152,618	–	152,618
Long-term borrowings	–	30,011	–	30,011
Total liabilities	–	30,011	–	30,011

Note: Description of valuation techniques and inputs used in the fair value measurement

Accounts receivable from completed construction contracts

The above receivables are classified by specified periods and the fair value is measured at present value based on the amount of receivable using the discount rate reflecting the time period until maturity and credit risk. It is classified as Level 2.

Investment securities

Equity securities are valued using exchange quoted market prices. As listed shares and government bonds are traded in active markets, their fair value is classified as Level 1.

Long-term borrowings

The carrying amount of the long-term borrowings are deemed to approximate its fair value given that they are at variable interest rate reflecting the market interest rate in a short-term, and that the Group’s credit standing has not significantly changed after the execution. Accordingly, it is classified as Level 2.

Securities

Fiscal year ended March 31, 2022

1. Available-for-sale securities (as of March 31, 2022)

(Millions of yen)

Category	Consolidated balance sheet amount	Cost	Difference
Securities whose consolidated balance sheet amount exceeds the cost Equity securities	8,883	4,255	4,628
Subtotal	8,883	4,255	4,628
Securities whose consolidated balance sheet amount does not exceed the cost Equity securities	1,618	1,930	(312)
Subtotal	1,618	1,930	(312)
Total	10,502	6,185	4,316

Note: Unlisted shares (consolidated balance sheet amount: 1,622 million yen) are not included in the above table of "Available-for-sale securities" because they have no market prices.

2. Available-for-sale securities sold during the fiscal year ended March 31, 2022

(Millions of yen)

Category	Proceeds from sale	Gain on sale in total	Loss on sale in total
Equity securities	8,617	3,256	–
Total	8,617	3,256	–

Fiscal year ended March 31, 2023

1. Available-for-sale securities (as of March 31, 2023)

(Millions of yen)

Category	Consolidated balance sheet amount	Cost	Difference
Securities whose consolidated balance sheet amount exceeds the cost Equity securities	7,167	3,062	4,105
Subtotal	7,167	3,062	4,105
Securities whose consolidated balance sheet amount does not exceed the cost Equity securities	1,688	1,880	(192)
Subtotal	1,688	1,880	(192)
Total	8,856	4,942	3,913

Note: Unlisted shares (consolidated balance sheet amount: 1,513 million yen) are not included in the above table of "Available-for-sale securities" because they have no market prices.

2. Available-for-sale securities sold during the fiscal year ended March 31, 2023

(Millions of yen)

Category	Proceeds from sale	Gain on sale in total	Loss on sale in total
Equity securities	2,727	866	25
Total	2,727	866	25

Retirement benefits

1. Overview of retirement benefit plans adopted

The Group has adopted retirement benefit plans consisting of defined benefit plans and defined contribution plans. The defined benefit plans mainly include a multi-employer employees' pension fund, a cash balance plan, and a lump-sum payment plan. In addition, certain consolidated subsidiaries have participated in a retirement allowance mutual aid plan as a defined contribution plan.

Certain consolidated subsidiaries have joined Osaka Electric Equipment Industry Corporate Pension Fund, a multi-employer pension plan. The plans where it is not possible to reasonably calculate the amount of pension assets corresponding to their contribution are accounted for in the same manner as defined contribution plans.

In April 2021, certain consolidated subsidiaries in Japan shifted from defined benefit pension plans to defined contribution plans.

2. Defined benefit plan

(1) Reconciliation of opening and ending balances of retirement benefit obligations

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Retirement benefit obligations at beginning of period	32,739	39,391
Service cost	2,385	2,637
Interest cost	141	154
Actuarial gains and losses incurred	(185)	(333)
Retirement benefits paid	(1,583)	(2,360)
Past service cost incurred during the period	–	139
Increase due to increase in consolidated subsidiaries	6,088	–
Decrease due to transfer to defined contribution plan	(193)	–
Retirement benefit obligations at end of period	39,391	39,629

Note: The table above includes the plans under the simplified method.

(2) Reconciliation of opening and ending balances of plan assets

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Plan assets at beginning of period	21,753	31,743
Expected return on plan assets	535	747
Actuarial gains and losses incurred	375	(1,143)
Contributions from employer	875	894
Retirement benefits paid	(715)	(1,373)
Gain (loss) on transfer of plan assets	–	77
Increase due to increase in consolidated subsidiaries	9,147	–
Decrease due to transfer to defined contribution plan	(227)	–
Plan assets at end of period	31,743	30,944

Note: The table above includes the plans under the simplified method.

(3) Reconciliation of ending balances of retirement benefit obligations and plan assets, and net defined benefit liability and net defined benefit asset recorded in consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Funded retirement benefit obligations	23,570	22,173
Plan assets	(31,743)	(30,944)
	(8,173)	(8,771)
Unfunded retirement benefit obligations	15,821	17,456
Net amount of liability and asset recorded in consolidated balance sheet	7,647	8,685
Retirement benefit liability	15,356	15,782
Retirement benefit asset	(7,708)	(7,097)
Net amount of liability and asset recorded in consolidated balance sheet	7,647	8,685

Note: The table above includes the plans under the simplified method.

(4) Components of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Service cost	2,385	2,637
Interest cost	141	154
Expected return on plan assets	(535)	(747)
Amortization of actuarial gains and losses	(77)	(59)
Amortization of past service cost	(27)	(18)
Other	123	–
Retirement benefit expenses for defined benefit plans	2,010	1,967
Gain (loss) on transfer to defined contribution plan (Note 2)	34	–
Gain (loss) on transfer of plan assets (Note 2)	–	(77)

Note: The table above includes the plans under the simplified method.
2) The gain (loss) is recorded in extraordinary income or extraordinary losses.

(5) Remeasurements of defined benefit plans

Components of items recorded in remeasurements of defined benefit plans (before tax effect) are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Past service cost	27	157
Actuarial gains and losses incurred	(483)	869
Total	(455)	1,027

(6) Accumulated remeasurements of defined benefit plans

Components of items recorded in accumulated remeasurements of defined benefit plans (before tax effect) are as follows:

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Unrecognized past service cost	(182)	(34)
Unrecognized actuarial gains and losses	(3,208)	(2,329)
Total	(3,390)	(2,363)

(7) Plan assets

1) Major components of plan assets

Plan assets by major category as a percentage of total plan assets are as follows:

	As of March 31, 2022	As of March 31, 2023
Debt securities	36%	23%
Equity securities	25%	28%
Cash and deposits	8%	16%
Other	31%	33%
Total	100%	100%

Note: Retirement benefit trusts set up for lump-sum payment plans and corporate pension plans accounted for 21% and 16% of total plan assets as of March 31, 2022 and 2023, respectively.

2) Determination procedure of long-term expected rate of return on plan assets

In determining the long-term expected rate of return on plan assets, the Company considers the current and projected asset allocations as well as the current and future expected long-term rates of return on various assets that constitute the plan assets.

(8) Actuarial assumptions

Major actuarial assumptions

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Discount rate	Mainly 0.6%	Mainly 0.6%
Long-term expected return on plan assets	Mainly 2.5%	Mainly 2.5%
Expected rate of salary increase	Mainly 6.2%	Mainly 6.2%

3. Defined contribution plan

The amounts of required contributions to the defined contribution plans of the Group (including Osaka Electric Equipment Industry Corporate Pension Fund, a multi-employer pension plan, which is accounted for in the same manner as defined contribution plans) for the fiscal years ended March 31, 2022 and 2023 were 1,184 million yen and 1,130 million yen, respectively.

Information related to the multi-employer pension plan under which the amount of required contributions is accounted for as retirement benefit expenses is as follows.

(1) Funding status of the entire plan

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Amount of plan assets	9,465	9,280
Total amount of actuarial obligations for pension financing calculation purposes and minimum actuarial reserve	8,986	8,722
Net amount	479	557

(2) Percentage of contributions of the Group to total contributions under the entire plan

Fiscal year ended March 31, 2022: 27.0%

Fiscal year ended March 31, 2023: 11.9%

4. Other matters

The amount of assets to be transferred from the lump-sum payment plan and defined benefit corporate pension plans to defined contribution plans is 2,464 million yen, which will be transferred over four years. The remaining transfer amount of 116 million yen as of the end of the current fiscal year is recognized as accounts payable included in “Other” under Current liabilities.

Tax effect accounting

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Deferred tax assets		
Retirement benefit liability	6,142	6,081
Provision for bonuses	2,729	2,858
Accrued enterprise taxes	553	368
Loss on valuation of investment securities	595	622
Accounts payable for transfer to defined contribution plan	311	124
Provision for loss on construction contracts	436	240
Accrued social insurance premiums	420	417
Impairment losses	287	257
Golf membership	188	177
Tax loss carryforwards	254	510
Other	1,973	1,989
Subtotal of deferred tax assets	13,894	13,648
Less valuation allowance	(3,091)	(2,651)
Total deferred tax assets	10,803	10,996
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(1,282)	(1,169)
Gain on contribution of securities to or cancellation of retirement benefit trust	(493)	(108)
Valuation difference on business combination	(2,299)	(2,296)
Valuation difference on non-current assets	(4,180)	(3,952)
Retirement benefit asset	(1,211)	(1,364)
Reserve for tax purpose reduction entry of replacement assets	(638)	(421)
Reserve for tax purpose reduction entry of non-current assets	(376)	(577)
Other	(408)	(589)
Total deferred tax liabilities	(10,889)	(10,478)
Deferred tax assets (liabilities), net	(86)	518

Note: The Company has finalized the provisional accounting for business combinations in the fiscal year ended March 31, 2023. The figures, etc. for the fiscal year ended March 31, 2022 reflect the finalized data of the provisional accounting.

In addition to the above, deferred tax liabilities for land revaluation are as follows.

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Non-current liabilities - Deferred tax liabilities for land revaluation	(41)	(41)

2. Reconciliation of significant difference between the normal effective statutory tax rate and the actual effective tax rate after applying tax effect accounting

	As of March 31, 2022	As of March 31, 2023
Normal effective statutory tax rate	30.6 %	30.6 %
Adjustments:		
Expenses not deductible for income tax purposes (e.g. entertainment expenses)	0.4	0.9
Income not taxable for income tax purposes (e.g. dividend income)	(0.2)	(0.3)
Inhabitant tax on per capita basis	0.5	1.0
Change in valuation allowance	0.2	(0.9)
Amortization of goodwill	0.3	1.8
Other	0.3	1.5
Actual effective tax rate after applying tax effect accounting	32.2	34.6

3. Accounting treatment of national and local income taxes or tax effect accounting thereof

The Company and some of its consolidated subsidiaries apply Group Tax Sharing System from the current fiscal year. Accounting treatment and disclosure of corporation and local corporation taxes or tax effect accounting thereof are carried out in accordance with “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Solution No. 42, August 12, 2021).

Business combination

Finalization of provisional accounting treatment for business combinations

For the business combination with SEIBU CONSTRUCTION Co., LTD. that took place on March 31, 2022, provisional accounting treatment was applied in the previous fiscal year and finalized in the consolidated current fiscal year.

In accordance with the finalization of the provisional accounting treatment, a review of the allocation of acquisition costs has been reflected in the comparative information included in the consolidated financial statements for the consolidated current fiscal year.

As a result, the tentatively calculated goodwill of 24,852 million yen decreased by 7,081 million yen to 17,770 million yen due to the finalization of the accounting treatment.

In addition, customer related assets and deferred tax liabilities at the end of the previous fiscal year increased by 10,184 million yen and 3,102 million yen, respectively.

Transaction under Common control, etc.

Absorption-type merger of consolidated subsidiaries

Based on a resolution of the Board of Directors' meeting held on February 10, 2022, the Company merged with MIRAIT Corporation and MIRAIT Technologies Corporation, its wholly-owned subsidiaries, through an absorption-type merger by which the Company became a surviving company, and changed its trade name as shown below with an effective date of July 1, 2022.

1. Overview of the transaction

(1) Name and description of business subject to merger

(Company surviving in the absorption-type merger)

Name: MIRAIT Holdings Corporation

Business description: Management etc. of subsidiaries and Group companies engaged in telecommunications engineering work, electrical work, civil engineering work, building construction work, and other businesses related thereto

(Companies absorbed in the absorption-type merger)

Name: MIRAIT Corporation

Business description: Telecommunications engineering work, electrical work, civil engineering work, building construction work, and other businesses related thereto

Name: MIRAIT Technologies Corporation

Business description: Telecommunications engineering work, electrical work, civil engineering work, building construction work, and other businesses related thereto

(2) Date of the business combination

July 1, 2022

(3) Legal form of the business combination

An absorption-type merger by which MIRAIT Corporation and MIRAIT Technologies Corporation became defunct companies and the Company became a surviving company.

(4) Name of the company after the business combination

MIRAIT ONE Corporation

(5) Other matters concerning the overview of the transaction

The merger is intended to further strengthen profitability by reducing costs through faster decision-making across the Group, more efficient management systems, and concentration of management resources.

2. Outline of the accounting treatment applied

Pursuant to the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019), the merger was accounted for as a transaction under common control.

Asset retirement obligations

This information is omitted due to its immateriality.

The Company and some of its consolidated subsidiaries have obligations to restore the Toyosu Building and Osaka No. 1 Datacenter to their original condition at the time of vacating them based on real estate lease agreements. However, as the periods of use of the rental properties pertaining to the obligations are uncertain, and no relocation is scheduled at this time, asset retirement obligations cannot be reasonably estimated. Therefore, asset retirement obligations corresponding to these obligations have not been recorded.

Revenue recognition

1. Disaggregation of revenue from contracts with customers

Fiscal year ended March 31, 2022

(1) By market

(Millions of yen)

	Reportable segment							
	MIRAIT ONE	Lantrovision	TTK	SOLCOM	Shikokutsuken	SEIBU CONSTRUCTION	MIRAIT ONE SYSTEMS	Total
Environmental & social innovation business	45,884	–	1,656	2,540	5,566	–	–	55,649
ICT solutions business	88,256	20,497	3,758	5,544	6,587	–	20,457	145,102
Communication infrastructure business	190,707	–	30,812	35,280	12,832	–	–	269,634
Net sales to external customers	324,848	20,497	36,228	43,365	24,987	–	20,457	470,385

(2) By timing of revenue recognition

(Millions of yen)

	Reportable segment							
	MIRAIT ONE	Lantrovision	TTK	SOLCOM	Shikokutsuken	SEIBU CONSTRUCTION	MIRAIT ONE SYSTEMS	Total
Goods or services transferred at a point in time	263,668	1,789	28,688	30,987	18,195	–	19,215	362,545
Goods or services transferred over time	61,180	18,707	7,539	12,377	6,791	–	1,242	107,839
Net sales to external customers	324,848	20,497	36,228	43,365	24,987	–	20,457	470,385

Note: Revenue from the leasing business that is subject to the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13) is included in the above table without being disaggregated due to its immateriality.

For construction contracts with a very short period of time between the transaction commencement date and the time when the performance obligation is expected to be fully satisfied, an alternative treatment is applied. Revenue of such contracts is included in the amount of goods or services transferred at a point in time.

Following the absorption-type merger and trade name change, in which the Company was the surviving company and MIRAIT Corporation and MIRAIT Technologies Corporation were dissolved, the reportable segments "MIRAIT" and "MIRAIT Technologies" were merged to form the reportable segment "MIRAIT ONE." In addition, MIRAIT ONE SYSTEMS was added to the reportable segments in accordance with the reorganization of the system integration business. The reportable segment has been reclassified accordingly.

Fiscal year ended March 31, 2023

(1) By market

(Millions of yen)

	Reportable segment							
	MIRAIT ONE	Lantrovision	TTK	SOLCOM	Shikokutsuken	SEIBU CONSTRUCTION	MIRAIT ONE SYSTEMS	Total
Environmental & social innovation business	49,467	–	3,301	2,487	5,659	51,126	–	112,041
ICT solutions business	64,612	25,233	5,170	4,132	6,897	–	21,722	127,768
Communication infrastructure business	175,557	–	29,818	27,264	11,536	–	–	244,177
Net sales to external customers	289,637	25,233	38,290	33,884	24,093	51,126	21,722	483,987

(2) By timing of revenue recognition

(Millions of yen)

	Reportable segment							
	MIRAIT ONE	Lantrovision	TTK	SOLCOM	Shikokutsuken	SEIBU CONSTRUCTION	MIRAIT ONE SYSTEMS	Total
Goods or services transferred at a point in time	232,302	3,040	30,902	29,136	18,541	4,818	20,847	339,591
Goods or services transferred over time	57,334	22,192	7,387	4,747	5,552	46,307	874	144,396
Net sales to external customers	289,637	25,233	38,290	33,884	24,093	51,126	21,722	483,987

Note: Revenue from the leasing business that is subject to the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) is included in the above table without being disaggregated due to its immateriality.

For construction contracts with a very short period of time between the transaction commencement date and the time when the performance obligation is expected to be fully satisfied, an alternative treatment is applied. Revenue of such contracts is included in the amount of goods or services transferred at a point in time.

2. Balance of contract assets and contract liabilities, and the transaction price allocated to the remaining performance obligations

Fiscal year ended March 31, 2022

(1) Contract asset and contract liability balances

(Millions of yen)

	Fiscal year ended March 31, 2022
Receivables from contracts with customers (beginning balance)	123,373
Receivables from contracts with customers (ending balance)	135,627
Contract assets (beginning balance)	24,231
Contract assets (ending balance)	44,921
Contract liabilities (beginning balance)	3,150
Contract liabilities (ending balance)	7,341

1. Contract assets relate to the right of the Group, primarily based on construction contracts, to consideration in exchange for the satisfied portion of performance obligations, which is measured based on the progress of such obligations at the end of the reporting period, excluding receivables arising from contracts with customers. Once the Group’s right to consideration becomes unconditional where only the passage of time is required before payment of that consideration is due, it is reclassified to receivables from contracts with customers.
   Contract liabilities are recognized primarily for the portion of construction contracts for which consideration has been received from the customer but the performance obligation has not been satisfied. Contract liabilities increase when the Group receives consideration from the customer before transferring the goods or services to the customer and decrease when performance obligations are satisfied. Contract assets are included in “Accounts receivable from completed construction contracts” and contract liabilities are included in “Advances received on construction contracts in progress.”
2. The amount of revenue recognized for the fiscal year ended March 31, 2022 from performance obligations that were satisfied (or partially satisfied) in the previous periods is immaterial.
3. The amount of revenue recognized for the fiscal year ended March 31, 2022 that was included in contract liabilities at the beginning of the period was 2,826 million yen.
4. For the fiscal year ended March 31, 2022, “receivables arising from contracts with customers,” “contract assets,” and “contract liabilities” increased by 10,811 million yen, 20,597 million yen, and 3,436 million yen, respectively, as a result of making SEIBU CONSTRUCTION Co., LTD. a consolidated subsidiary.

(2) Transaction price allocated to remaining performance obligations

The total transaction price allocated to the remaining performance obligations was 208,428 million yen at the end of the fiscal year ended March 31, 2022, which was mainly due to transactions related to construction contracts. The Group expects to recognize the amount as revenue over approximately one year, in accordance with the performance of the contracts.

Fiscal year ended March 31, 2023

(1) Contract asset and contract liability balances

(Millions of yen)

	Fiscal year ended March 31, 2023
Receivables from contracts with customers (beginning balance)	135,627
Receivables from contracts with customers (ending balance)	154,598
Contract assets (beginning balance)	44,921
Contract assets (ending balance)	35,533
Contract liabilities (beginning balance)	7,341
Contract liabilities (ending balance)	5,302

1. Contract assets relate to the right of the Group, primarily based on construction contracts, to consideration in exchange for the satisfied portion of performance obligations, which is measured based on the progress of such obligations at the end of the reporting period, excluding receivables arising from contracts with customers. Once the Group's right to consideration becomes unconditional where only the passage of time is required before payment of that consideration is due, it is reclassified to receivables from contracts with customers.
   Contract liabilities are recognized primarily for the portion of construction contracts for which consideration has been received from the customer but the performance obligation has not been satisfied. Contract liabilities increase when the Group receives consideration from the customer before transferring the goods or services to the customer and decrease when performance obligations are satisfied. Contract assets are included in "Accounts receivable from completed construction contracts" and contract liabilities are included in "Advances received on construction contracts in progress."
2. The amount of revenue recognized for the fiscal year ended March 31, 2023 from performance obligations that were satisfied (or partially satisfied) in the previous periods is immaterial.
3. The amount of revenue recognized for the fiscal year ended March 31, 2023 that was included in contract liabilities at the beginning of the period was 5,715 million yen.

(2) Transaction price allocated to remaining performance obligations

The total transaction price allocated to the remaining performance obligations was 212,710 million yen at the end of the fiscal year ended March 31, 2023, which was mainly due to transactions related to construction contracts. The Group expects to recognize the amount as revenue over approximately one year, in accordance with the performance of the contracts.

Segment information

Segment information

1. Description of reportable segments

(1) Method of determining reportable segments

The reportable segments of the Company are individual units for which separate financial information is available, and that are subject to a periodic review by the Board of Directors for the purposes of determining the allocation of management resources and evaluating performance.

The MIRAIT ONE Group, a business group which are centered on the business companies, form comprehensive strategies and engage in activities for their respective businesses.

Following the absorption-type merger and trade name change, in which the Company was the surviving company and MIRAIT Corporation and MIRAIT Technologies Corporation were dissolved, the reportable segments “MIRAIT” and “MIRAIT Technologies” were merged to form the reportable segment “MIRAIT ONE.”

In addition, “MIRAIT ONE SYSTEMS” was added to the reportable segments in accordance with the reorganization of the system integration business.

Hence, the seven reportable segments of the Company are “MIRAIT ONE,” “Lantrovision,” “TTK,” “SOLCOM,” “Shikokutsuken,” “SEIBU CONSTRUCTION” and “MIRAIT ONE SYSTEMS.”

Segment information for the year ended March 31, 2022 has been reclassified in accordance with the new reportable segment.

(2) Types of products and services attributable to each reportable segment

“MIRAIT ONE”, “TTK”, “SOLCOM” and “Shikokutsuken” engage in environmental and social innovation business, ICT solutions business and telecommunications infrastructure business. “Lantrovision” and “MIRAIT ONE SYSTEMS” engage in ICT solutions business and “SEIBU CONSTRUCTION” engage in environmental and social innovation business.

2. Method of calculating net sales, income, assets and other items for each reportable segment

Accounting methods applied to the reportable business segments are generally in line with those applied to the consolidated financial statements.

Segment income reflects the operating profit for each reportable segment.

Internal revenue and transfers between segments are based on actual market prices.

3. Net sales, income, assets and other items by reportable segment

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segment						
	MIRAIT ONE	Lantrovision	TTK	SOLCOM	Shikokutsuken	SEIBU CONSTRUCTION	MIRAIT ONE SYSTEMS
Net sales							
Net sales to external customers	324,848	20,497	36,228	43,365	24,987	–	20,457
Inter-segment sales or transfers	2,296	689	113	62	157	–	3,414
Total	327,145	21,186	36,341	43,428	25,145	–	23,871
Segment income	23,453	1,336	2,276	2,682	2,441	–	874
Segment assets	260,159	27,118	31,469	42,938	20,543	84,065	8,857
Other items							
Depreciation	4,606	564	773	696	147	–	76
Increase in property, plant and equipment and intangible assets	13,892	525	598	641	155	–	229

	Total	Adjustments (Note 1)	Amount in the consolidated financial statements (Note 2)
Net sales			
Net sales to external customers	470,385	–	470,385
Inter-segment sales or transfers	6,733	(6,733)	–
Total	477,119	(6,733)	470,385
Segment income	33,064	(260)	32,804
Segment assets	475,153	(39,367)	435,785
Other items			
Depreciation	6,865	–	6,865
Increase in property, plant and equipment and intangible assets	16,042	–	16,042

Notes: 1. The amounts adjusted are as follows:

(1) Adjustments for segment income in the amount of (260) million yen include adjustments for retirement benefits in the amount of (211) million yen.

(2) Adjustments for segment assets in the amount of (39,367) million yen include the netting of receivables and payables in the amount of (30,468) million yen.

2. Segment income is reconciled to the operating profit reported in the consolidated statements of income and comprehensive income.

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment						
	MIRAIT ONE	Lantrovision	TTK	SOLCOM	Shikokutsuken	SEIBU CONSTRUCTION.	MIRAIT ONE SYSTEMS
Net sales							
Net sales to external customers	289,637	25,233	38,290	33,884	24,093	51,126	21,722
Inter-segment sales or transfers	692	259	148	49	129	498	3,643
Total	290,329	25,492	38,438	33,933	24,222	51,624	25,365
Segment income	12,778	1,603	2,816	1,101	2,339	563	1,181
Segment assets	251,156	29,710	34,968	40,245	23,571	83,599	9,670
Other items							
Depreciation	4,894	711	772	685	167	708	91
Increase in property, plant and equipment and intangible assets	6,419	854	1,054	528	210	193	308

	Total	Adjustments (Note 1)	Amount in the consolidated financial statements (Note 2)
Net sales			
Net sales to external customers	483,987	–	483,987
Inter-segment sales or transfers	5,419	(5,419)	–
Total	489,406	(5,419)	483,987
Segment income	22,384	(581)	21,803
Segment assets	472,923	(36,171)	436,752
Other items			
Depreciation	8,030	–	8,030
Increase in property, plant and equipment and intangible assets	9,570	–	9,570

Notes: 1. The amounts adjusted are as follows:

(1) Adjustments for segment income in the amount of (581) million yen include adjustments for retirement benefits in the amount of (399) million yen.

(2) Adjustments for segment assets in the amount of (36,171) million yen include the netting of receivables and payables in the amount of (29,722) million yen.

2. Segment income is reconciled to the operating profit reported in the consolidated statements of income and comprehensive income.

Associated information

Fiscal year ended March 31, 2022

1. Information about products and services

(Millions of yen)

	Environmental & social innovation business	ICT solutions business	Communication infrastructure business	Total
Net sales to external customers	55,649	145,102	269,634	470,385

2. Information about geographic areas

(1) Net sales

Information on net sales for individual regions is omitted given that net sales to external customers in Japan account for more than 90% of net sales reported in the consolidated statements of income and comprehensive income.

(2) Property, plant and equipment

Information on property, plant and equipment for individual regions is omitted given that domestic assets represent more than 90% of property, plant and equipment reported in the consolidated balance sheets.

3. Information about major customers

(Millions of yen)

Name of customer	Net sales	Associated business segments
Nippon Telegraph and Telephone East Corporation	90,257	MIRAIT ONE TTK MIRAIT ONE SYSTEMS
Nippon Telegraph and Telephone West Corporation	63,066	MIRAIT ONE SOLCOM Shikokutsuken MIRAIT ONE SYSTEMS
NTT DOCOMO, INC.	39,779	MIRAIT ONE TTK SOLCOM Shikokutsuken MIRAIT ONE SYSTEMS

Fiscal year ended March 31, 2023

1. Information about products and services

(Millions of yen)

	Environmental & social innovation business	ICT solutions business	Communication infrastructure business	Total
Net sales to external customers	112,041	127,768	244,177	483,987

2. Information about geographic areas

(1) Net sales

Information on net sales for individual regions is omitted given that net sales to external customers in Japan account for more than 90% of net sales reported in the consolidated statements of income and comprehensive income.

(2) Property, plant and equipment

Information on property, plant and equipment for individual regions is omitted given that domestic assets represent more than 90% of property, plant and equipment reported in the consolidated balance sheets.

3. Information about major customers

(Millions of yen)

Name of customer	Net sales	Associated business segments
Nippon Telegraph and Telephone East Corporation	89,497	MIRAIT ONE TTK MIRAIT ONE SYSTEMS
Nippon Telegraph and Telephone West Corporation	59,668	MIRAIT ONE SOLCOM Shikokutsuken MIRAIT ONE SYSTEMS
NTT DOCOMO, INC.	28,403	MIRAIT ONE TTK SOLCOM Shikokutsuken MIRAIT ONE SYSTEMS

Information about impairment losses on non-current assets by reportable segment

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segment						
	MIRAIT ONE	Lantrovision	TTK	SOLCOM	Shikokutsuken	SEIBU CONSTRUCTION.	MIRAIT ONE SYSTEMS
Impairment losses	–	–	154	–	–	–	–

	Total	Other	Corporate and elimination	Total
Impairment losses	154	–	–	154

Fiscal year ended March 31, 2023

Not applicable.

Information about amortization and unamortized balance of goodwill by reportable segment

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segment						
	MIRAIT ONE	Lantrovision	TTK	SOLCOM	Shikokutsuken	SEIBU CONSTRUCTION.	MIRAIT ONE SYSTEMS
(Goodwill) Amortization	89	325	3	–	96	–	–
Balance at end of period	121	2,510	5	–	168	17,770	–

	Total	Other	Corporate and elimination	Total
(Goodwill) Amortization	514	–	–	514
Balance at end of period	20,576	–	–	20,576

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment						
	MIRAIT ONE	Lantrovision	TTK	SOLCOM	Shikokutsuken	SEIBU CONSTRUCTION.	MIRAIT ONE SYSTEMS
(Goodwill) Amortization	50	379	12	–	96	888	–
Balance at end of period	1,186	2,518	28	–	72	16,882	–

	Total	Other	Corporate and elimination	Total
(Goodwill) Amortization	1,426	–	–	1,426
Balance at end of period	20,687	–	–	20,687

Related parties

Fiscal year ended March 31, 2022

1. Related party transactions

(1) Transactions between the company submitting the consolidated financial statements and related parties

Not applicable.

(2) Transactions between consolidated subsidiaries of the company submitting the consolidated financial statements and related parties

Not applicable.

2. Notes concerning the parent company or significant affiliates

Not applicable.

Fiscal year ended March 31, 2023

1. Related party transactions

(1) Transactions between the company submitting the consolidated financial statements and related parties

Not applicable.

(2) Transactions between consolidated subsidiaries of the company submitting the consolidated financial statements and related parties

Not applicable.

2. Notes concerning the parent company or significant affiliates

Not applicable.

Per share information

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net assets per share (yen)	2,446.54	2,573.50
Net income per share (yen)	250.84	151.20

Note: The basis for calculating net income per share is as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net income per share		
Profit attributable to owners of parent (million yen)	25,163	14,781
Profit not attributable to common shareholders (million yen)	–	–
Profit attributable to owners of parent attributable to common stock (million yen)	25,163	14,781
Average number of outstanding shares of common stock during the fiscal year (thousand shares)	100,316	97,762

Notes: 1. The amount of diluted net income per share is not stated because there are no dilutive shares outstanding.

2. In calculating net income per share, own shares held in trust accounted for as treasury shares in shareholder's equity are included in the treasury shares which are deducted for calculating the average number of outstanding shares of common stock for the fiscal year. The average number of those treasury shares deducted for the purposes of calculating net income per share was 330,453 for the fiscal year ended March 31, 2023, and 400,435 for the fiscal year ended March 31, 2022.

Significant subsequent events

Purchase of treasury shares

On May 15, 2023, the Board of Directors of the Company resolved to repurchase its own shares pursuant to Article 156 of the Companies Act of Japan, applied pursuant to Article 165, Paragraph 3 of the Companies Act.

1. Reasons for share repurchase

    To enhance shareholder return and to facilitate flexible implementation of capital policy in response to changes in the business environment

2. Type of shares to be repurchased

    Common stock

3. Total number of shares to be repurchased

    Up to 4,500,000 shares

    (4.71% of outstanding shares excluding treasury stock)

4. Total repurchase amount

    Up to 5,000 million yen

5. Repurchase period

    June 5, 2023 to March 31, 2024

6. Repurchase method

    Market purchases on the Tokyo Stock Exchange

5) Consolidated supplementary schedules

Detailed schedule of borrowings

Category	Balance at beginning of period (million yen)	Balance at end of period (million yen)	Average interest rate (%)	Payment due
Short-term borrowings	62,977	21,674	0.225	–
Current portion of long-term borrowings	1,996	–	–	–
Current portion of lease obligations	3,547	3,306	–	–
Long-term borrowings (excluding current portion)	8,543	30,011	0.275	2024 to 2028
Lease obligations (excluding current portion)	6,307	6,291	–	2024 to 2029
Subtotal	83,373	61,284	–	–
Elimination of intercompany transactions	(23,390)	(171)	–	–
Total	59,982	61,112	–	–

Notes:
1. Average interest rates represent the weighted-average rates applicable to the balances of borrowings at end of period
2. The average interest rates of lease obligations are not stated because the amount of lease obligations reported in the consolidated balance sheets is before deducting interest equivalents included in the total lease payments.
3. The repayment schedule within five years after the consolidated balance sheet date of long-term borrowings and lease obligations (excluding current portion) is as follows:

(Millions of yen)

Category	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Long-term borrowings	11	–	–	30,000
Lease obligations	2,407	1,530	986	822

Detailed schedule of asset retirement obligations

This information is omitted as the balances of asset retirement obligations at the beginning and end of the fiscal year ended March 31, 2023 were 1% or less of the total balances of liabilities and net assets at the beginning and end of the fiscal year ended March 31, 2023.

(2) Other information

Quarterly results for the fiscal year ended March 31, 2023

Year-to-date period		First three months	First six months	First nine months	Current fiscal year
Net sales	(million yen)	95,336	202,085	320,706	483,987
Profit before income taxes	(million yen)	223	2,317	7,383	23,243
Profit (loss) attributable to owners of parent	(million yen)	(815)	416	3,303	14,781
Net income (loss) per share	(yen)	(8.25)	4.24	33.67	151.20

Three-month period		First quarter	Second quarter	Third quarter	Fourth quarter
Net income (loss) per share	(yen)	(8.25)	12.58	29.57	118.69

2. Financial Statements, etc.

(1) Financial statements

1) Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	21,726	6,172
Notes receivable - trade	–	732
Accounts receivable from completed construction contracts	–	*2 81,243
Costs on construction contracts in progress	0	13,392
Short-term loans receivable	*2 14,867	*2 7,318
Accounts receivable - other	8,562	6,326
Income taxes receivable	–	770
Other	20	2,154
Allowance for doubtful accounts	–	(0)
Total current assets	45,178	118,109
Non-current assets		
Property, plant and equipment		
Buildings and structures	131	51,799
Machinery, vehicles, tools, furniture and fixtures	75	11,766
Land	–	21,184
Leased assets	–	2,521
Construction in progress	–	1,215
Accumulated depreciation	(175)	(26,492)
Total property, plant and equipment	31	61,995
Intangible assets		
Software	5	923
Software in progress	–	4,183
Other	–	1,119
Total intangible assets	5	6,225
Investments and other assets		
Investment securities	–	6,114
Shares of subsidiaries and associates	183,218	137,489
Long-term loans receivable	8,508	–
Prepaid pension costs	–	305
Deferred tax assets	66	737
Leasehold and guarantee deposits	53	852
Other	0	566
Allowance for doubtful accounts	(0)	(118)
Total investments and other assets	191,848	145,947
Total non-current assets	191,884	214,168
Total assets	237,063	332,278

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable for construction contracts	–	*2 37,154
Short-term borrowings	50,000	21,500
Lease obligations	–	442
Accounts payable - other	538	1,892
Accrued expenses	216	1,254
Income taxes payable	2,305	–
Accrued consumption taxes	11	1,626
Advances received on construction contracts in progress	–	743
Deposits received	*2 67,305	*2 49,954
Provision for loss on construction contracts	–	251
Provision for bonuses	–	3,784
Provision for warranties for completed construction	–	5
Other	73	300
Total current liabilities	120,451	118,912
Non-current liabilities		
Long-term borrowings	–	30,000
Provision for share-based compensation	45	271
Provision for retirement benefits	–	5,306
Other	–	1,896
Total non-current liabilities	45	37,474
Total liabilities	120,497	156,386
Net assets		
Shareholders' equity		
Share capital	7,000	7,000
Capital surplus		
Legal capital surplus	2,000	2,000
Other capital surplus	96,963	88,568
Total capital surplus	98,963	90,568
Retained earnings		
Other retained earnings		
Retained earnings brought forward	26,446	88,499
Total retained earnings	26,446	88,499
Treasury shares	(15,844)	(12,329)
Total shareholders' equity	116,565	173,739
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	–	2,151
Total valuation and translation adjustments	–	2,151
Total net assets	116,565	175,891
Total liabilities and net assets	237,063	332,278

2) Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales		
Net sales of completed construction contracts	–	*1 173,812
Management fees	*1 2,208	*1 657
Dividends from subsidiaries and associates	*1 14,444	*1 7,980
Total net sales	16,652	182,449
Cost of sales		
Cost of sales of completed construction contracts	–	*1 156,285
Gross profit	16,652	26,164
Selling, general and administrative expenses	*2 2,217	*2 13,332
Operating profit	14,435	12,832
Non-operating income		
Interest income	*1 111	*1 112
Dividend income	–	132
Surrender value of insurance policies	–	159
Rental income	–	*1 141
Gain on forfeiture of unclaimed dividends	8	–
Other	10	116
Total non-operating income	130	662
Non-operating expenses		
Interest expenses	11	142
Foreign exchange losses	–	141
Commission expenses	120	173
Other	8	61
Total non-operating expenses	140	518
Ordinary profit	14,425	12,975
Extraordinary income		
Gain on extinguishment of tie-in shares	–	56,299
Other	–	6
Total extraordinary income	–	56,305
Extraordinary losses		
Loss on retirement of non-current assets	–	42
Business restructuring expenses	–	216
Other	–	2
Total extraordinary losses	–	261
Profit before income taxes	14,425	69,019
Income taxes - current	48	1,208
Income taxes - deferred	(24)	(166)
Total income taxes	23	1,041
Profit	14,402	67,978

Detailed schedule of cost of sales

Category	Notes #	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
		Amount (million yen)	Constituent ratio (%)	Amount (million yen)	Constituent ratio (%)
Materials cost		–	–	14,944	9.5
Labor cost		–	–	740	0.5
Outsourcing cost		–	–	100,929	64.6
Expenses		–	–	39,671	25.4
(personnel expenses included above)		(–)	(–)	(9,823)	(6.3)
Total		–	–	156,285	100

Note: Costs are calculated using job order costing method.

3) Statement of Changes in Net Assets

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity								Valuation and translation adjustments		Total net assets
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings					
Balance at beginning of period	7,000	2,000	96,963	98,963	16,845	16,845	(10,888)	111,920	–	–	111,920
Changes during period											
Dividends of surplus					(4,801)	(4,801)		(4,801)			(4,801)
Profit					14,402	14,402		14,402			14,402
Purchase of treasury shares							(5,003)	(5,003)			(5,003)
Disposal of treasury shares			0	0			47	47			47
Cancellation of treasury shares								–			–
Net changes in items other than shareholders' equity									–	–	–
Total changes during period	–	–	0	0	9,600	9,600	(4,955)	4,645	–	–	4,645
Balance at end of period	7,000	2,000	96,963	98,963	26,446	26,446	(15,844)	116,565	–	–	116,565

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity								Valuation and translation adjustments		Total net assets
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings					
Balance at beginning of period	7,000	2,000	96,963	98,963	26,446	26,446	(15,844)	116,565	–	–	116,565
Changes during period											
Dividends of surplus					(5,924)	(5,924)		(5,924)			(5,924)
Profit					67,978	67,978		67,978			67,978
Purchase of treasury shares							(4,998)	(4,998)			(4,998)
Disposal of treasury shares			(0)	(0)			118	118			118
Cancellation of treasury shares			(8,394)	(8,394)			8,394	–			–
Net changes in items other than shareholders' equity									2,151	2,151	2,151
Total changes during period	–	–	(8,394)	(8,394)	62,053	62,053	3,514	57,173	2,151	2,151	59,325
Balance at end of period	7,000	2,000	88,568	90,568	88,499	88,499	(12,329)	173,739	2,151	2,151	175,891

Notes to Consolidated Financial Statements

Significant accounting policies

1. Accounting policy for measuring assets

(1) Accounting policy for measuring securities

1) Shares of subsidiaries and associates: stated at cost using the moving-average method

2) Available-for-sale securities

Securities other than shares, etc. that do not have a market price: stated at fair value using the market-to-market method (with any unrealized gain or loss being recognized directly in net assets and the cost of securities sold being determined using the moving-average method).

Shares, etc. that do not have a market price: stated at cost using the moving-average method.

(2) Accounting policy for inventories

Costs on construction contracts in progress: stated at cost using the specific identification method

Merchandise: stated at cost using the moving-average method

(a method in which book value is written down based on any decline in profitability)

Raw materials and supplies: stated at cost using the moving-average method

(a method in which book value is written down based on any decline in profitability)

2. Accounting policy for depreciation of non-current assets

(1) Property, plant and equipment (excluding leased assets)

Depreciated primarily by using the declining-balance method.

However, buildings (except for facilities attached to buildings) acquired by the Company on or after April 1, 1998, facilities attached to buildings and structures acquired on or after April 1, 2016, and assets and solar power generation facilities for data center business are depreciated on a straight-line basis. Minor depreciable assets with an acquisition cost of 100,000 yen or more but less than 200,000 yen are depreciated on a straight-line basis over three years.

The principal useful lives are as follows:

Building: 5 to 65 years

Others: 2 to 50 years

Assets acquired on or before March 31, 2007 are depreciated on a straight-line basis over five years from the fiscal year following the completion of depreciation to the depreciable limit, and such depreciation is recorded in Depreciation.

(2) Intangible assets (excluding leased assets)

Amortized on a straight-line basis.

Software for internal use is amortized on a straight-line basis over the estimated useful life of 5 years.

(3) Leased assets

Leased assets pertaining to finance lease transactions that do not transfer ownership are depreciated on a straight-line basis using the lease term as the useful life and with zero residual value.

3. Accounting policy for significant provisions and allowance

(1) Allowance for doubtful accounts

To provide for potential credit losses on receivables, allowance for doubtful accounts is recorded at an amount of estimated uncollectible receivables calculated based on the historical rate of credit loss for general receivables and determined individually for certain receivables such as doubtful receivables, by considering each of their collectability.

(2) Provision for loss on construction contracts

To provide for future losses on construction contracts, provision is recorded in the amount of estimated losses for uncompleted construction contracts at the end of the current fiscal year that are likely to incur losses and for which the amount of losses can be reasonably estimated.

(3) Provision for bonuses

To provide for the payment of bonuses to employees, provision for bonuses is recorded based on the estimated amount to be paid for the current fiscal year.

(4) Provision for warranties for completed construction

To provide for costs of warranty against defects in completed construction, provision is recorded at an amount calculated based on the warranty loss rate for a certain period of time in the past.

(5) Provision for share-based compensation

To provide for delivery of shares through the Board Benefit Trust, provision is recorded at an estimated amount of stock-based remuneration to be paid corresponding to the number of points assigned to officers based on the Officer Stock Benefit Rules.

(6) Provision for retirement benefits

To provide for the payment of retirement benefits to employees, provision is recorded at an amount deemed to have incurred as of the end of the current fiscal year based on the estimated amount of retirement benefit obligations and plan assets at the end of the current fiscal year.

1) Method of attributing estimated retirement benefits to accounting periods

In calculating retirement benefit obligations, the benefit formula basis is used to attribute the estimated amount of retirement benefits to periods up to the end of current fiscal year.

2) Method of accounting for actuarial gains and losses and past service cost

Actuarial gains and losses are amortized on a straight-line basis over a certain number of years (10 to 15 years) within the average remaining service period of employees at the time of recognition, from the fiscal year following the respective fiscal year of recognition.

Past service cost is amortized on a straight-line basis over a certain number of years (10 to 15 years) within the average remaining service period of employees at the time of recognition.

4. Accounting policy for recognition of significant revenues and expenses

The details of the main performance obligations in the major businesses related to revenue from contracts with the Company's customers and the timing at which the Company typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

1) Construction contracts

Contract construction work includes telecommunications work, etc., for which construction contracts are concluded.

Performance obligations for these contracts are deemed to be satisfied over time, and revenue is recognized based on the progress toward complete satisfaction of the performance obligation.

The progress of the construction activity is measured for each contract based on the proportion of construction costs incurred to fulfill performance obligations by the end of the period to the total expected construction costs. In some circumstances, the Group may not be able to reasonably measure the progress of a performance obligation, but expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Group recognizes revenue only to the extent of the costs incurred until such time that it can reasonably measure the progress of the performance obligation.

For construction contracts with a very short period of time between the transaction commencement date and the time when the performance obligation is expected to be fully satisfied, an alternative treatment is applied. Revenue of such contracts is not recognized over a certain period of time; but is recognized when the performance obligation is fully satisfied.

Consideration for transactions involving construction contracts is generally received within approximately two months after the customer's acceptance. Such transactions do not contain a significant financing component, or a significant amount of variable consideration.

2) Sale of goods

Revenue from sale of goods such as information and telecommunications equipment is recognized when they are delivered to the customer, whereby the Group transfers control over the goods to the customer and satisfies the performance obligations.

Other parties are engaged in the sale of certain information and telecommunications equipment and office supplies. The entire process of manufacturing, shipping and delivery of such goods is performed by other parties, and the Group does not have any inventory risk or discretion in establishing prices. The performance obligations of the Group are to arrange for the goods to be provided by such other parties and, therefore, the Group considers that it is acting as an agent in the transactions, and recognizes revenue at the net amount after deducting the amount that is paid to the supplier of such goods from the amount received from customers.

Consideration for transactions involving the sale of goods is generally received within approximately two months after the delivery of the goods. Such transactions do not contain a significant financing component, or a significant amount of variable consideration.

3) Contracted services

Revenue from contracted services, such as maintenance and inspection of telecommunications facilities, is recognized at the time of completion of service provision, whereby the Group transfers control over services to customers and satisfies its performance obligations.

Consideration for transactions involving contracted services is generally received within approximately two months after the completion of the services. Such transactions do not contain a significant financing component, or a significant amount of variable consideration.

As for management commission fees and outsourcing fees from subsidiaries, the Company's performance obligation is to provide entrusted services to its subsidiaries based on contract details. As the Company's performance obligation is satisfied when the services are provided, revenue and expenses are recognized at that time. The Company recognizes revenue from dividend income on the effective date of dividend.

Significant accounting estimates

1. Net sales of completed construction contracts recognized over time

(1) Amount recorded in the financial statements for the current fiscal year

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales of completed construction contracts	–	26,617

(2) Other information that helps users of the financial statements better understand the details of the accounting estimates

This information is omitted as the content is identical to that in significant accounting estimates of consolidated financial statements, 1. Net sales of completed construction contracts recognized over time.

2. Provision for loss on construction contracts

(1) Amount recorded in the financial statements for the current fiscal year

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Provision for loss on construction contracts	–	251

(2) Other information that helps users of the financial statements better understand the details of the accounting estimates

This information is omitted as the content is identical to that in significant accounting estimates of consolidated financial statements, 2. Provision for loss on construction contracts.

Additional information

Board Benefit Trust for Directors and executive officers of the Company and certain subsidiaries of the Company

This information is omitted as the content is identical to that in "V. Financial Information 1. (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, *Additional Information*."

Balance sheets

*1 Contingent liabilities

Debt guarantee

The Company guarantees housing loans of employees as follows.

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Employees	–	60

*2 Assets and liabilities relating to subsidiaries and associates

Items included in each account other than those presented separately are as follows.

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Accounts receivable from completed construction contracts	–	52
Short-term loans receivable	14,867	6,453
Accounts payable for construction contracts	–	20,766
Deposits received	67,297	48,955

Statements of income

*1 Items relating to subsidiaries and associates included in each account are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales of completed construction contracts	–	2,443
Management fees	2,208	657
Dividends from subsidiaries and associates	14,444	7,980
Cost of sales of completed construction contracts	–	84,622
Interest income	111	50
Rental income	–	121

*2 Major items of selling, general and administrative expenses, their amount and approximate percentage are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Salaries and benefits	1,172	6,369
Officer remuneration	170	295
Legal welfare expense	173	1,011
Outsourcing expenses	213	871
Rents	103	386
Retirement benefit expenses	60	256
Advertising and promotion expenses	40	534
Depreciation	9	623
Approximate percentage		
Sales expenses	–%	40%
General and administrative expenses	100	60

Securities

As of March 31, 2022

The fair value of shares of subsidiaries is not shown because they are shares, etc. that do not have market prices.

The carrying amount of shares, etc. of subsidiaries that do not have market prices in the balance sheets is as follows:

(Millions of yen)

Category	March 31, 2022
Shares of subsidiaries	183,218
Total	183,218

As of March 31, 2023

The fair value of shares of subsidiaries and associates is not shown because they are shares, etc. that do not have market prices.

The carrying amounts of shares, etc. of subsidiaries and associates that do not have market prices in the balance sheets are as follows:

(Millions of yen)

Category	March 31, 2023
Shares of subsidiaries	132,503
Shares of associates	4,985
Total	137,489

Tax effect accounting

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Deferred tax assets		
Provision for retirement benefits	–	1,624
Provision for bonuses	–	1,158
Loss on valuation of investment securities	–	310
Asset retirement obligations	–	260
Accrued social insurance premiums	7	201
Accrued enterprise taxes	4	94
Provision for share-based compensation	14	83
Accrued bonuses	53	31
Board Benefit Trust	22	28
Other	1	734
Subtotal of deferred tax assets	103	4,529
Less valuation allowance	(36)	(1,051)
Total deferred tax assets	66	3,477
Deferred tax liabilities		
Valuation difference on available-for-sale securities	–	(959)
Valuation difference on non-current assets	–	(502)
Reserve for tax purpose reduction entry of non-current assets	–	(358)
Reserve for tax purpose reduction entry of replacement assets	–	(274)
Retirement cost corresponding to asset retirement obligations	–	(230)
Other	–	(415)
Total deferred tax liabilities	–	(2,740)
Deferred tax assets (liabilities), net	66	737

2. Reconciliation between the normal effective statutory tax rate and the actual effective tax rate after applying tax effect accounting

	As of March 31, 2022	As of March 31, 2023
Normal effective statutory tax rate	30.6%	30.6%
Adjustments:		
Expenses not deductible for income tax purposes (e.g. entertainment expenses)	0.1	0.1
Income not taxable for income tax purposes (e.g. dividend income)	(30.7)	(3.6)
Gain on extinguishment of tie-in shares	–	(25.0)
Inhabitant tax on per capita basis	0.0	0.1
Other	0.1	(0.7)
Actual effective tax rate after applying tax effect accounting	0.2	1.5

3. Accounting treatment of national and local income taxes or tax effect accounting thereof

The Company applies Group Tax Sharing System from the current fiscal year. Accounting treatment and disclosure of corporation and local corporation taxes or tax effect accounting thereof are carried out in accordance with “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Solution No. 42, August 12, 2021).

Business combination

Absorption-type merger of consolidated subsidiaries

Based on a resolution of the Board of Directors' meeting held on February 10, 2022, the Company merged with MIRAIT Corporation and MIRAIT Technologies Corporation, its wholly-owned subsidiaries, through an absorption-type merger by which the Company became a surviving company, and changed its trade name as shown below with an effective date of July 1, 2022.

1. Overview of the transaction

(1) Name and description of business subject to merger

(Company surviving in the absorption-type merger)

Name: MIRAIT Holdings Corporation

Business description: Management etc. of subsidiaries and Group companies engaged in telecommunications engineering work, electrical work, civil engineering work, building construction work, and other businesses related thereto

(Companies absorbed in the absorption-type merger)

Name: MIRAIT Corporation

Business description: Telecommunications engineering work, electrical work, civil engineering work, building construction work, and other businesses related thereto

Name: MIRAIT Technologies Corporation

Business description: Telecommunications engineering work, electrical work, civil engineering work, building construction work, and other businesses related thereto

(2) Date of the business combination

July 1, 2022

(3) Legal form of the business combination

An absorption-type merger by which MIRAIT Corporation and MIRAIT Technologies Corporation became defunct companies and the Company became a surviving company.

(4) Name of the company after the business combination

MIRAIT ONE Corporation

(5) Other matters concerning the overview of the transaction

The merger is intended to further strengthen profitability by reducing costs through faster decision-making across the Group, more efficient management systems, and concentration of management resources.

2. Outline of the accounting treatment applied

Pursuant to the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), the merger was accounted for as a transaction under common control.

The difference between the carrying amount of the shares of subsidiaries and the amount of net assets acquired in the merger is recognized in the statement of income as gain on extinguishment of tie-in shares, in the amount of 56,299 million yen.

Revenue recognition

Information to provide basis for understanding revenue from contracts with customers is omitted as the content is identical to that in the Financial Statements, etc. "Notes to Financial Statements, *Significant accounting policies,* 4. Accounting policy for recognition of significant revenues and expenses."

Significant subsequent events

Purchase of treasury shares

This information is omitted as the content is identical to that in "V. Financial Information 1.(1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, *Significant subsequent events*."

4) Supplementary schedules

Detailed schedule of property, plant,and equipment, etc.

(Millions of yen)

Type of assets	Balance at beginning of period	Increase during period	Decrease during period		Balance at end of period	Accumulated depreciation or amortization at end of period	Depreciation/Amortization	Net balance at end of period
Property, plant, and equipment								
Buildings and structures	131	51,967	298		51,799	18,441	1,593	33,358
Machinery, vehicles, tools, furniture, and fixtures	75	12,494	804		11,766	6,643	479	5,122
Land	–	21,184	–		21,184	–	–	21,184
Leased assets	–	2,861	340		2,521	1,407	377	1,113
Construction in progress	–	1,251	35		1,215	–	–	1,215
Total property, plant ,and equipment	206	89,758	1,478		88,487	26,492	2,451	61,995
Intangible assets								
Software	29	1,256	3		1,281	358	334	923
Software in progress	–	4,492	309		4,183	–	–	4,183
Other	2	1,145	–		1,147	28	25	1,119
Total intangible assets	31	6,894	312		6,613	387	360	6,225

Note 1. The balances at beginning and end of period are stated at cost.

2. Increases due to merger with MIRAIT Corporation and MIRAIT Technologies are as follows: 51,716 million yen of buildings and structures, 9,748 million yen of machinery, vehicles, tools, furniture, and fixtures, 21,184 million yen of land, 2,807 million yen of leased assets, 366 million yen of construction in progress, 1,091 million yen of software, 2,444 million yen of software in progress, and 3 million yen of other intangible assets.

3. Increases due to business acquisition are as follows: 2,124 million yen of machinery, vehicles, tools, furniture, and fixtures and 1,141 million yen of other intangible assets.

4. Software in progress increased by 1,959 million yen due to the development of the next version of the core system.

Detailed schedule of provisions

(Millions of yen)

Account	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period
Allowance for doubtful accounts	0	120	1	118
Provision for loss on construction contracts	–	418	166	251
Provision for bonuses	–	5,553	1,768	3,784
Provision for warranties for completed construction	–	6	0	5
Provision for share-based compensation	45	327	101	271
Provision for retirement benefits	–	6,003	697	5,306

(2) Components of major assets and liabilities

This information is omitted because the MIRAIT Group has prepared the consolidated financial statements.

(3) Other information

Not applicable.

VI. Outline of Share-related Administration of Reporting Company

<table>
<tr><td>Fiscal year</td><td>From April 1 to March 31 of the following year</td></tr>
<tr><td>Ordinary General Meeting of Shareholders</td><td>June</td></tr>
<tr><td>Record date</td><td>March 31</td></tr>
<tr><td>Record date for dividend of surplus</td><td>March 31 and September 30</td></tr>
<tr><td>Number of shares constituting one unit</td><td>100 shares</td></tr>
<tr><td>Purchase or additional purchase of shares of less than one unit
Handling office
Shareholder register administrator
Forwarding office
Purchase or additional purchase fee</td><td>(Special account)
Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo
(Special account)
Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo
–
Separately specified amount equivalent to share trading brokerage fees</td></tr>
<tr><td>Method of public notice</td><td>The Company gives public notices in a digital format. However, if digital format is not possible due to accidents or other unavoidable circumstances, public notices will be published in The Nihon Keizai Shimbun.
Digital public notices are posted on the Company’s website at <https://www.mirait-one.com/english/>.</td></tr>
<tr><td>Special benefits for shareholders</td><td>The Company offers shareholder benefits to all shareholders holding at least 100 shares of the Company’s shares and are recorded under an identical shareholder number on the shareholder registry for 1 year or more as at the end of each fiscal year (March 31), based on the following criteria.
<table>
<tr><th>Duration of shareholding</th><th>Number of shares held</th><th>Benefits</th></tr>
<tr><td rowspan="3">1 year* to less than 3 years**</td><td>100 shares or more</td><td>A QUO Card worth 1,000 yen or a donation of comparable value to a social contribution organization</td></tr>
<tr><td>500 shares or more</td><td>A QUO Card worth 2,000 yen or a donation of comparable value to a social contribution organization</td></tr>
<tr><td>1,000 shares or more</td><td>A QUO Card worth 3,000 yen or a donation of comparable value to a social contribution organization</td></tr>
<tr><td rowspan="3">3 years or more</td><td>100 shares or more</td><td>A QUO Card worth 1,000 yen or a donation of comparable value to a social contribution organization</td></tr>
<tr><td>500 shares or more</td><td>A QUO Card worth 2,000 yen or a donation of comparable value to a social contribution organization</td></tr>
<tr><td>1,000 shares or more</td><td>A QUO Card worth 4,000 yen or a donation of comparable value to a social contribution organization</td></tr>
</table>
Notes: 1. Duration of shareholding shall be determined as of March 31 of each year.
* Holding for 1 year or more refers to a recording of at least three consecutive times as holding at least 100 shares under an identical shareholder number on the shareholder registry as of September 30 and March 31 of each year.
** Holding for 3 years or more refers to a recording of at least seven consecutive times as holding at least 100 shares of the Company’s shares under an identical shareholder number on the shareholder registry as of September 30 and March 31 of each year.
2. If the shareholder number changes due to inheritance or removal from the shareholder registry, the duration of shareholding will be determined on the basis of the shareholder number after the change.
3. Shareholder benefit information and application form will be enclosed with the notice of an ordinary general meeting of shareholders to be sent to shareholders.</td></tr>
</table>

Note: A shareholder of the Company may not exercise any rights other than those listed below with respect to shares of less than one unit held by such shareholder:

- Rights which cannot be restricted even by the Articles of Incorporation under laws and regulations
- Rights to receive allocation of shares for subscription and allocation of share acquisition rights for subscription in proportion to the number of shares held by the shareholder
- Rights to request the Company to sell the number of shares that will, together with the number of shares of less than one unit held by the shareholder, constitute one unit of shares

VII. Reference Information of Reporting Company

1. Information on Parent Company, etc. of Reporting Company

The Company does not have a parent company, etc. as prescribed in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other Reference Information

(1) Documents filed by the Company from the beginning of this fiscal year until the filing date of this Annual Securities Report

From the beginning of this fiscal year until the filing date of this Annual Securities Report, the Company filed the following documents:

1) Annual Securities Report, documents attached thereto and Confirmation Letter

Filed for the 12th fiscal year (from April 1, 2021 to March 31, 2022) with the Director-General of the Kanto Local Finance Bureau on June 15, 2022

2) Internal Control Report and documents attached thereto

Filed for the 12th fiscal year (from April 1, 2021 to March 31, 2022) with the Director-General of the Kanto Local Finance Bureau on June 15, 2022

3) Quarterly Securities Reports and Confirmation Letters

Filed for the first quarter of the 13th fiscal year (from April 1, 2022 to June 30, 2022) with the Director-General of the Kanto Local Finance Bureau on August 10, 2022

Filed for the second quarter of the 13th fiscal year (from July 1, 2022 to September 30, 2022) with the Director-General of the Kanto Local Finance Bureau on November 11, 2022

Filed for the third quarter of the 13th fiscal year (from October 1, 2022 to December 31, 2022) with the Director-General of the Kanto Local Finance Bureau on February 10, 2023

4) Extraordinary Reports

Filed the Extraordinary Report pursuant to the provisions of Article 19, Paragraph 2, Item 12 of the Cabinet Office Order on Disclosure of Corporate Affairs (event which may have serious effects on the financial position, operating results, and cash flow status) with the Director-General of Kanto Local Finance Bureau on May 15, 2023.

5) Share Buyback Reports

Filed with the Director-General of Kanto Local Finance Bureau on July 5, 2022; August 3, 2022; September 5, 2022; October 5, 2022; December 5, 2022; January 6, 2023; February 3, 2023; March 3, 2023; April 5, 2023; May 8, 2023; and June 5, 2023.

6) Securities Registration Statement and documents attached thereto

Filed with the Director-General of Kanto Local Finance Bureau on May 15, 2023.

7) Amendment to Securities Registration Statement and documents attached thereto

Filed with the Director-General of Kanto Local Finance Bureau on May 19, 2023.

8) Amendment to Shelf Registration Statement (Corporate Bonds)

Filed with the Director-General of Kanto Local Finance Bureau on June 22, 2022 and May 15, 2023.

(2) Ratio of women in managerial positions, rate of parental leave taken by male employees, and gender wage gap

Ratio of women in managerial positions, rate of parental leave taken by male employees, and gender wage gap in consolidated subsidiaries excluding major consolidated subsidiaries are as follows:

Current fiscal year					
Name	Ratio of women in managerial positions (%) (Notes 1, 2)	Rate of parental leave taken by male employees (%) (Notes 1, 2)	Gender wage gap (%) (Notes 1, 2, 3)		
			All employees	Regular employees	Part-time and fixed-term employees
MIRAIT Mobile East Co., Ltd.	—	—	67.8	78.3	64.1
AST-ENG Corp.	—	—	65.9	77.4	77.8
Libnet Corporation	36.4	—	54.8	68.8	72.9
HOPE NET Co., Ltd.	12.5	33.3	84.6	70.6	96.1
ACTIS Co., Ltd.	7.0	66.7	76.4	77.5	62.8
Solcom Meister Inc.	—	—	77.3	72.5	83.3
M's Frontier Corporation	4.4	50.0	—	—	—
Ligare Co., Ltd.	11.8	—	—	—	—
Comlead Co., Ltd.	6.7	0.0	—	—	—
Nissetsu Co., Ltd.	1.2	–	–	–	–
Trust System Inc.	—	50.0	—	—	—
TTK ENG Yamagata Co., Ltd.	7.1	—	—	—	—
Solcom Business Service Corporation	—	100.0	—	—	—

Notes: 1. Figures are calculated in accordance with the provisions of “Act on Promotion of Women's Participation and Advancement in the Workplace” (Act No. 64 of 2015).

2. The ratio of women in managerial positions is as of March 31, 2023, and the rate of parental leave taken by male employees and the gender wage gap are the actual results for the fiscal year ended March 31, 2023. The data includes individuals seconded from the subject company to other companies, and excludes those seconded from other companies to the subject company.

3. Wages are calculated inclusive of base salary, overtime compensation, bonuses, etc., and exclusive of retirement allowance, commuting allowance, etc.
Part-time and fixed-term employees include fixed-term contract employees, temporary employees, and part-timers. Wages for part-timers are calculated based on actual wages paid, not converted to full-time equivalents.

Part 2 Information on Guarantor of Reporting Company

Not applicable.

[Following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act in Japan, which is presented merely as supplemental information.]

Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting

June 27, 2023

To the Board of Directors of MIRAIT ONE Corporation

KPMG AZSA LLC

Tokyo Office, Japan

Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant	Yasuyuki Nagasaki
Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant	Keiji Kobayashi
Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant	Kohei Nakamura

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of MIRAIT ONE Corporation (formerly known as MIRAIT Holdings Corporation) (the "Company") and its consolidated subsidiaries (collectively referred to as "the Group") provided in the "Financial Information" section in the Company's Annual Securities Report, which comprise the consolidated balance sheet as at March 31, 2023, and the consolidated statement of income and comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies, other explanatory information and supplementary schedules, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *"Auditor's Responsibilities for the Audit of the Consolidated Financial Statements"* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of estimates of total construction costs for construction contracts with revenue recognized over time	
The key audit matter	How the matter was addressed in our audit
As described in the "*Significant accounting estimates*, 1. Net sales of completed construction contracts recognized over time" in the Notes to Consolidated Financial Statements, the net sales of completed construction contracts recognized over time in the fiscal year ended March 31, 2023 amounted to 128,742 million yen, which accounted for 26.6% of total consolidated net sales. As described in the "*Significant accounting policies for preparation of consolidated financial statements*, 4. Disclosure of accounting policies, (5) Accounting policy for recognition of significant revenues and expenses" of the Notes to Consolidated Financial Statements, the Group recognizes revenue from construction contracts in which progress toward complete satisfaction of performance obligations can be reasonably estimated, deeming it as performance obligation to be satisfied over time, based on the progress toward satisfaction of such performance obligation; however, excluded is construction contract with a very short period between the transaction commencement date in contract and the time when the performance obligations are expected to be completely satisfied. The progress of the construction activity is measured for each contract based on the proportion of construction costs incurred to fulfill performance obligations by the end of the period to the total expected construction costs. Reliability of estimation on the total construction costs is necessary to reasonably estimate the progress. However, the details of construction contracts are highly customized, because the basic specifications and work details are determined on the basis of the customer's instructions. As a result, expense items and amount of construction costs expected to incur in each construction contract vary. Therefore, in preparing the execution budget which is used as the basis for estimating the total construction costs, it is difficult to exercise judgment based on a uniform scale, with professional judgment required for each individual construction contract. In the end, such estimated total costs are subject to a high level of uncertainty. Specifically, management judgments significantly affect the estimation of the total construction costs as at the end of fiscal year on the following points: ● In preparing an execution budget, all work details which meet construction conditions up to completion, including the location, period and method, are identified, with estimated costs factored into the budget. ● The budget is updated timely and appropriately according to changes in work details due to changes in circumstances after the start of construction. Based on the above, we determined that the reasonableness of the estimates of total construction costs in construction contracts with revenues recognized over time was of most significance in the audit of the consolidated financial statements for this fiscal year, and accordingly, a key audit matter.	In order to assess the reasonableness of estimates of total construction costs for construction contract where revenue is recognized over time, we implemented the procedures including the following: (1) Internal control testing We tested the design and operating effectiveness of certain of the Company's internal controls relevant to the process of preparing an execution budget. In this assessment, we focused our testing on the following controls: ● Controls to approve the execution budget based on the Rules of Responsibility and Authority ● Controls to confirm that the changes in circumstances after the start of construction are timely and appropriately reflected in the execution budget. (2) Assessment of the reasonableness of the estimated total construction cost In order to assess the appropriateness of key assumptions adopted in preparing the execution budget, which was used as the basis for estimating total construction costs, we inquired of management about the basis. In addition, we: ● made a trend analysis of annual profit ratio of construction contracts in which revenue is recognized over time and, for those construction contracts with significant profit ratio fluctuations, compared the relevant contractual documents and execution budgets to examine whether changes in work details agreed with the customer were factored into the budgets, and verified estimated costs of each work item described in the execution budget, which constitute total construction costs, by comparing them with documents from vendors, including estimates of material and outsourcing costs, which served as a basis for the estimated costs; and ● made a comparative analysis of the construction progress rate, calculated based on the ratio of costs incurred until the end of the fiscal year ended March 31, 2023 to the total construction costs, and the progress rate of construction period, and, for construction works with significant deviation, assessed whether the execution budgets were updated timely and appropriately, by inquiring of project managers about any changes in work details needed to review the execution budget and verifying the consistency with the latest process chart.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The audit and supervisory committee is responsible for overseeing the director's performance of their duties with regard to the design, implementation and maintenance of the Group's reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit and supervisory committee is responsible for overseeing the directors' performance of their duties, including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. The audit procedures to be selected and applied depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the audit and supervisory committee regarding the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in place for eliminating or reducing obstruction factors.

From the matters communicated with the audit and supervisory committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Internal Control Report

Opinion

We also have audited the accompanying internal control report of the Company as at March 31, 2023, in accordance with Article 193-2(2) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying internal control report, which states that the Company's internal control over financial reporting was effective as at March 31, 2023, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of the internal control report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the *"Auditor's Responsibilities for the Audit of the Internal Control Report"* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the internal control report in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit and Supervisory Committee for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting, and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

The audit and supervisory committee is responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibilities for the Audit of the Internal Control Report

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor's report that includes our opinion.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and performance of the audit of the internal control report. We remain solely responsible for our audit opinion.

We communicate with the audit and supervisory committee regarding the planned scope and timing of our audit of the internal control report, the results thereof, material weakness in internal control identified during our audit of internal control report, and those that were remediated, and other matters required by auditing standards for internal control.

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in place for eliminating or reducing obstruction factors.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes: 1. The original copy of the above Independent Auditor’s Report is in the custody of the Company—the submitter of this Annual Securities Report.

2. The XBRL data is not included in the scope of the audit.

[Following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act in Japan, which is presented merely as supplemental information.]

Independent Auditor's Report

June 27, 2023

To the Board of Directors of MIRAIT ONE Corporation

KPMG AZSA LLC

Tokyo Office, Japan

Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant	Yasuyuki Nagasaki
Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant	Keiji Kobayashi
Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant	Kohei Nakamura

Opinion

We have audited the accompanying financial statements of MIRAIT ONE Corporation (formerly known as MIRAIT Holdings Corporation) (the "Company") provided in the "Financial Information" section in the Company's Annual Securities Report, which comprise the balance sheet as at March 31, 2023, and the statement of income and statement of changes in net assets for the 13th fiscal year from April 1, 2022 to March 31, 2023, and a summary of significant accounting policies, other explanatory information and supplementary schedules, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *"Auditor's Responsibilities for the Audit of the Financial Statements"* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of estimates of total construction costs for construction contracts with revenue recognized over a certain period of time
As described in the "*Significant accounting estimates*, 1. Net sales of completed construction contracts recognized over a certain period of time" in the Notes to Financial Statements, the net sales of completed construction contracts recognized over time in the fiscal year ended March 31, 2023 amounted to 26,617 million yen, which accounted for 14.6% of total sales.

We determined that the reasonableness of the estimates of total construction costs in construction contracts with revenues recognized over a certain period of time was of most significance in our audit of the financial statements for this fiscal year, and accordingly, a “key audit matter.” However, we omit the descriptions of the key audit matter and how the matter was addressed in our audit to be provided in our auditor’s report on the financial statements as they are substantially the same as those described for the key audit matter, “Reasonableness of estimates of total construction costs for construction contracts with revenue recognized over a certain period of time” in our auditor’s report on the consolidated financial statements.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, financial statements, and our auditor’s reports thereon. Management is responsible for the preparation and presentation of the other information. The audit and supervisory committee is responsible for overseeing the director’s performance of their duties with regard to the design, implementation and maintenance of the Company’s reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit and supervisory committee is responsible for overseeing the director’s performance of their duties with regard to the design, implementation and maintenance of the Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion on the financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor’s judgment.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit and supervisory committee regarding the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in place for eliminating or reducing obstruction factors.
From the matters communicated with the audit and supervisory committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes: 1. The original copy of the above Independent Auditor's Report is in the custody of the Company—the submitter of this Annual Securities Report.

2. The XBRL data is not included in the scope of the audit.

[Cover]

[Document Filed]	Internal Control Report (*"Naibu Tosei Hokokusho"*)
[Applicable Law]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director-General, Kanto Local Finance Bureau
[Filing Date]	June 28, 2023
[Company Name]	Kabushiki Kaisha MIRAIT ONE (Formerly known as Kabushiki Kaisha MIRAIT Holdings)
[Company Name in English]	MIRAIT ONE Corporation (Formerly known as MIRAIT Holdings Corporation) Note: The Company has changed its name and its name in English as above effective July 1, 2022, following the resolution at the 12th Ordinary General Meeting of Shareholders held on June 14, 2022.
[Title and Name of Representative]	Toshiki Nakayama, President and CEO
[Title and Name of CFO]	Takaaki Mitsuya, Director and CFO
[Address of Head Office]	5-6-36 Toyosu, Koto-ku, Tokyo
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

1. Matters Related to the Basic Framework of Internal Control over Financial Reporting

Toshiki Nakayama, President and CEO, and Takaaki Mitsuya, CFO, are responsible for the design, implementation and maintenance of the Company's internal control over financial reporting, and design, implementation and maintenance internal control over financial reporting in accordance with the basic framework of internal control stated in "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

Internal control aims at achieving its objectives to a reasonable extent with the organized and integrated function of individual components as a whole. Therefore, internal control over financial reporting may not fully prevent or detect misstatements in financial reporting.

2. Matters Related to the Scope of Assessment, Base Date, and Assessment Procedures

Management assessed internal control over financial reporting at the end of the fiscal year ended March 31, 2023 as a base date in accordance with the generally accepted assessment standards for internal control over financial reporting.

In assessing such internal control, management first assessed internal control significantly affecting overall consolidated financial reporting (Company-level controls), and based on the results of such assessment, management selected business processes to be assessed. In assessing the business processes, management first analyzed the selected business processes, identified key controls significantly affecting the reliability of financial reporting, and assessed the development and operation of the key controls, thereby assessing the effectiveness of internal control.

Management determined the scope of assessment of internal control over financial reporting to the extent necessary from the viewpoint of the significance of effects on the reliability of financial reporting for the Company, its consolidated subsidiaries and entities accounted for using equity method.

Management determined the significance of effects on the reliability of financial reporting in consideration of the significance of quantitative and qualitative effects. Based on the results of the assessments of the Company-level controls covering the Company and its 25 consolidated subsidiaries, management reasonably determined the scope of assessment of internal control over business processes.

Management deemed that business locations other than the Company and its 25 consolidated subsidiaries do not have significant effects on financial reporting, and therefore excluded such business locations from the scope of assessment of the Company-level controls.

In the scope of assessment of internal control over business processes, management selected 10 business locations as significant business locations, whose net sales of completed construction contracts for the fiscal year ended March 31, 2022 account for appropriately two-thirds of consolidated net sales of completed construction contracts for the fiscal year ended March 31, 2022 when being added up in descending order of amount (after the elimination of transactions between consolidated companies). For the selected business locations, management included business processes in the scope of assessment, which impact the accounts that are closely associated with the Company's business objectives, that is, net sales of completed construction contracts, accounts receivable from completed construction contracts, and costs on construction contracts in progress. For the selected business locations and any other business locations, management added business processes relating to significant accounts that have a high likelihood of material misstatements and involve estimates and forecasts as business processes with significant effects on financial reporting in the scope of assessment.

3. Matters Related to the Results of Assessments

As a result of the assessments above, management concluded that as of March 31, 2023, the Company's internal control over financial reporting is effective.

4. Supplementary Matters

Not applicable.

5. Special Notes

Not applicable.